

WHEN BUSINESS NEEDS A CHAMP



2018-2019
POLICY & POSITIONS MANUAL


BC Chamber of Commerce
Know what's on BC's mind.

INTRODUCTION

The BC Chamber of Commerce (the Chamber) is registered under the Societies Act (British Columbia) as a volunteer, not-for-profit association and serves its members as the provincial federation of autonomous community chambers of commerce, boards of trade, and corporate members.

Known to have been in operation as early as March 1867, the Chamber was re-established in 1952 to:

1. Develop a true cross-section of opinions of the British Columbia business community, and effectively present these opinions to government;
2. Build a diverse, competitive and sustainable economy that provides opportunity for all who invest, work and live in British Columbia; and
3. Create and nurture an effective membership organization that provides value and purpose to its members

This Policy and Positions Manual contains informed opinions and policy statements adopted by members during the policy session at the Chamber's 66th Annual General Meeting held in Kamloops, B.C., May 24th to 26th, 2018.

The Chamber's policy statements contained herein are submitted or presented to the provincial and federal governments and are individually called to the attention of the Cabinet ministers responsible in order to make it possible for pending government legislation and regulations to reflect the individual opinion of our chamber members.

The Policy and Positions Manual also serves as a working document for the Chamber's Policy Review Committee, whose members regularly review and assess the timeliness, importance, and scope of the Chamber's policy statements.

PLEASE ADDRESS INQUIRIES TO:

Dan Baxter
Director of Policy Development, Government and Stakeholder Relations
The British Columbia Chamber of Commerce
Suite 1201, 750 West Pender Street
Vancouver, BC
V6C 2T8

Telephone: (604) 638 8116
E-mail: dbaxter@bcchamber.org

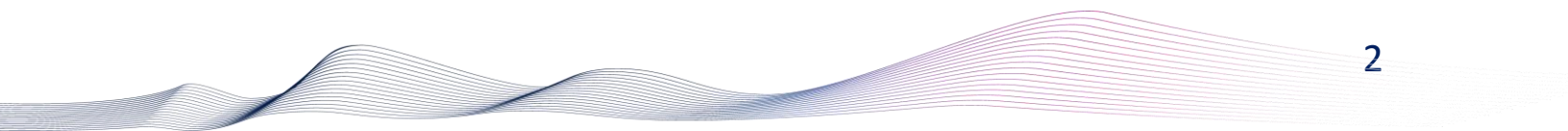


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Principles of Effective Public Policy

Public policy affects B.C. businesses and the economy of British Columbia through the impact of:

- Regulation;
- Taxation; and
- Provision of government services, programs and infrastructure.

Regulation

Well-designed and effectively enforced regulation does improve how the economy functions by providing certainty and predictability for the business community. Certainty and predictability is essential for decisions our businesses make when it comes to long-term investments. Effective regulation should achieve desired environmental and social policy goals without:

- Imposing significant compliance costs on firms; or
- Weakening the ability of businesses to adapt to changing economic conditions, technologies and consumer preferences.

Undue impact to business and constrained economic activity occurs when regulations have:

- Disproportionately high compliance costs (particularly administrative costs);
- Inconsistent enforcement (as unenforced regulation favours those who would ignore them);
- Inequitable design and application;
- Restrictions on competition; or
- Otherwise, created an onerous or uncertain burden on business.

The Chamber believes that government must ensure that regulation is:

Effective - Monitored or measured against intended outcomes to meet justified needs.

Equitable – Non-exclusive in their application to the greatest extent practicable, depending upon the circumstances.

Cost-Efficient – The cost of regulation, both in terms of administrative cost to government and cost to the economy is balanced against the intended benefits.

Predictable – Business must be comfortable the regulatory landscape is not open to sudden or dramatic change. Regulatory changes should not come as a surprise to the regulated sectors and have appropriate transitional provisions.

Transparent – Both the regulations and the process for establishing them must be open to public input and review.

Timely – Regulations should never be ‘set in stone’ but rather subject to periodic review.

Flexible – Regulations, individually and collectively, must be responsive to changing circumstances.

Integrated and Harmonized – Wherever it’s practical, governments should integrate and reduce regulatory requirements and streamline assessment and compliance processes (i.e. ‘one project, one process’).

Taxation¹

Business recognizes that government has a fundamental role to play in providing the infrastructure, both physical and social, that is essential to a vibrant and sustainable business climate. The Chamber recognizes that tax revenue must be raised by governments to pay for services, programs and infrastructure, but when properly designed should minimize distortive impacts on business and the economy.

Specifically, the Chamber believes government must ensure that taxes are:

- **Low, yet adequate** - Just enough to generate the revenue required for provision of essential public services and avoid structural deficits.
- **Broad-Based** - Spread over the widest possible section of the population or sectors of economy to minimize the individual tax burden.
- **Efficient** - Collection effort should not consume a significant portion of tax revenue and should be implemented in an economically efficient way (i.e. consumption taxes versus income or capital taxes). Tax credits, earmarking and exemptions are generally opposed by the Chamber.
- **Equitable** - Taxes should apply equally to all individuals or entities in similar economic circumstances.
- **Transparent** - To the extent that they interfere with or influence individual decision-making or favour some sector, explicitly acknowledge this intent.
- **Predictable** - Collection of taxes should reinforce their inevitability and regularity.
- **Simple** - Tax compliance, assessment and determination should be easily understood by an average taxpayer.
- **Competitive** – The overall tax burden must reflect the need for B.C. to remain competitive on a regional, national, and international basis.
- **Well-managed:** Effective and efficient systems of internal control are in place and proportionate to the risks they aim to mitigate yet support innovation and results for British Columbians.

¹ "Taxation" includes all methods applied by government to raise revenue, whether or not a tax, government budgeting and the application of fiscal and monetary tools by government.

Government Spending and Programs

The provision of government programs is a central responsibility of government. Whether it is education, health care, housing, policing or income assistance, government plays a fundamental role in providing services that support families, business, and the broader community. However, government has a greater responsibility to ensure funding dedicated to these programs is appropriately directed and provides value to the taxpayer. Specifically, government must ensure programs consider the following questions:

- **Public Interest** – Does the program or area of activity serve the broad public interest?
- **Balance** – Does it balance the overall needs of society and address the sometimes-difficult tradeoffs? For example, health care has increasingly crowded other areas of investment essential to the economic well-being of British Columbians.
- **Holistic** – Does the activity address the issue holistically (i.e. across society and government agencies)?
- **Funded Appropriately** – Is program funding linked to the natural cycle of the underlying investment (i.e. Municipal infrastructure has a different life cycle than education or unemployment insurance)?
- **Harness Competition & Innovation**– Does it consider and appropriately harness competition and innovation to control the cost of public services? For example, can delivery costs be lowered through intelligent use of technology, demand management, public-private partnerships or third party delivery?
- **Affordability** – Is there broad public support for the level of taxation that is required to support a program and does it appropriately control demand as well as supply?
- **Role of Government** – Is there a legitimate and necessary role for government in this program area or activity, or could the private/voluntary sector play a greater role in whole or in part?
- **Efficiency** – If the program or activity continues, how could its efficiency and effectiveness be improved?
- **Accountability** – Are British Columbians getting value for their tax dollars?



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POSITIONS

ON

SELECTED PROVINCIAL ISSUES

2018

IMPROVING APPRENTICESHIP COMPLETION RATES (2018)

Opening Statement

Skilled tradespeople are vital to supporting industries that drive Canada's economy. Strong economic growth in areas such as construction and natural resources, combined with an aging workforce, have contributed to increased demand for skilled tradespeople in Canada. Registration in apprenticeship programs has been increasing steadily over the last few years, but the growth in the number of completions has not kept pace. In addition, the breaking up of certain trades training into modules with certificates for each module has created a workforce that is not fully trained even though certificate holders may be satisfied with reaching a lower level of competency. Businesses utilizing skilled tradespeople need the assurance that they are hiring well-qualified workers in order that they can compete on a variety of projects and that they can compete on the quality of workmanship as part of their value proposition.

Background

Move to Modularization

In 2003, the Industry Training Authority (ITA) was established and a 'BC model' for trades training was introduced. The 2003 BC model was distinguished by the deregulation of skilled trades and modularized training and certification.¹ Today, British Columbia remains distinct from other provinces in its approach to apprenticeship training. The impacts of BC's 2003 model have now come into focus just as growth in the demand for skilled trades and the need to replace an aging workforce approach peak levels. While many of the general goals of the 2003 revisions have been achieved, including increasing the overall number of apprenticeship registrations and completions, the system has had a number of unintended consequences. Using data from the Statistics Canada Registered Apprenticeship Information System (RAIS) database, this report reveals a number of troubling findings:

- Overall apprenticeship completion rates have declined compared to a decade ago and relative to other jurisdictions;
- Lower average rates of completion for trades that are compulsory in other jurisdictions suggest that the absence of compulsory trade certification in BC decreases the motivation for apprentices to complete;
- Significant increases in program registrations and certifications have been achieved, but much of the increase can be attributed to a small number of trades and a subset of newly established sub-trades which do not afford workers the same degree of mobility as nationally recognized Red Seal trades. Many of the newly established sub-trades introduced to meet industry demands have been eliminated due to low enrolment and poor training outcomes;
- Certification in Red Seal trades has declined significantly in BC, from 84% in the 2001 to 2004 period to 65% in the 2011 to 2014 period. This decline is greater than that experienced in the rest of Canada and suggests fewer tradespeople in BC are completing the full Red Seal certification since implementation; and

¹ Modularization refers to the re-designation of trades into modularized sub-trades as opposed to large parent

ADVANCED EDUCATION, SKILLS AND TRAINING

- Trades deregulation and modularized training and certification has resulted in a ‘trade shift’ toward a higher concentration of registrations and completions in a smaller number of trades. This ‘trade shift’ is on opposite ends of the pay scale, with highly paid industrial trades on one end and service sector occupations with lesser qualifications on the other trades. The continued ‘narrowing and shallowing’ of trades training system carries a major risk. If economic conditions change or the types of skills in demand change in BC, the workforce risks not having the depth and breadth of skills, both individually and collectively, required to adapt.

Workplace Safety

The increased incidence of workplace injury suggests that the ITA under the 2003 BC model has been unable to ensure the quality of safety training programs in BC. The injury rate for BC tradespeople is nearly four times that of their counterparts in Ontario. Although reported lost-time injuries in the skilled trades have been decreasing across all jurisdictions, injury rates have been consistently and significantly higher in BC than in other provinces and have not changed substantially since 2010.

Changes From 2003 to Today

There have been recent changes to BC’s system. Training times for many trades have increased to be in line with those of other jurisdictions, and many smaller apprenticeship programs created under the 2003 system have been eliminated in favour of returning to the original apprenticeship format (e.g., re-instating the full-scope carpenter trade apprenticeship, instead of dividing it into two sub-trades). There are still changes required to contribute to an increase in completion rates and the continuation of a strong and skilled workforce.

Certification as Motivation to Complete

The Certificate of Qualification credential is an important labour market signal that the person possesses the fundamental competencies and skills needed in the trade, which facilitates mobility between employers. Higher wages, lower unemployment, more productive workers and higher return on training tax dollars are some of the positive outcomes when individuals complete their programs.² Prior to the introduction of the ITA, apprenticeship completion rates in British Columbia were just over 50%. Although considered low by many, this was comparable to rates in other provinces. A cohort study published by Statistics Canada in 2010 found that, on average, just over half (53%) of BC apprentices who registered in 1994 and 1995 completed their respective programs by 2005.³ This was slightly higher than the national average of 49% (1994) and 51% (1995). After the 2003 changes, BC encouragingly experienced a marked increase in apprenticeship completion rates, following its spike in registrations. This sparked optimism for the policy change, given that increasing training completion rates was a key objective of BC’s 2003 model. The number of overall completions peaked at nearly 7,000 in 2012—more than twice the number of completions in the early 2000s. Not surprisingly, the largest increases in completions occurred in trades that experienced the biggest increase in registrations, including welding and food services. In 2014, these two trades accounted for nearly four in ten certifications issued in the province, compared to just 7%, or less than one in ten, in 2004. However, this rise in overall numbers is misleading. Although completions increased in BC following the surge in registrations, recent estimates using cohort ratios, which compare

² Literature on apprentice outcomes indicates that those who earn a certification are more likely to be employed full time and earn more than those with no certification. In contrast, those without certification are more likely to be unemployed and earn lower wages. Marinka Menard, Frank Menezes, Cindy K.Y. Chan and Merv Walker, National Apprenticeship Survey: Canada Overview Report 2007, (2007), 24-26

³ Cohort ratios provide a close proxy for actual completion rates that are comparable over time and across jurisdictions.

program completions to program registrations over time, reveal that overall completion rates in BC have actually fallen compared to the early 2000s and in relation to other provinces. Applying the cohort-ratio measure to the 50 largest programs in BC (in terms of registrations) across time shows that overall completion rates in BC averaged 46% over the four years prior to 2004. A similar completion rate of 47% was estimated for the rest of Canada over the same period. These estimates are generally in line with the findings of previous Statistics Canada cohort studies over a similar period. Applying the same methodology for the period between 2004 and 2014 (following the establishment of the ITA and the introduction of the BC model), the average overall completion rate in BC falls to 42%, compared to a small increase nationally to 48%. Even the ITAs own reports estimate completion rates at 36%. The decline in completion rates provides some evidence that the BC model has not achieved one of its key objectives: to increase training completion rates within skilled trades.

This overall decline in completion rates is accompanied by marked differences in completion rates across individual programs in BC. Lower average rates of completion for trades that are compulsory in other jurisdictions suggest that the absence of compulsory trade certification in BC decreases the motivation for apprentices to complete. The link between compulsory certification and completions has been established in previous studies. A study conducted by Patrick Coe concludes that “apprenticeship programmes for which certification is mandatory had completion rates that are about 10 percentage points higher than those without mandatory certification.”⁴ Yet the analysis of BC completion rates suggests that lack of compulsory certification may contribute to lower completion rates in some trades, but not others. Completion rates in BC for automotive service technicians and refrigeration and air-conditioning mechanics are above the averages for the rest of Canada, and, in the case of automotive service technicians, significantly so (59% versus 46%). In these cases, the higher completion rate may be influenced by the greater potential for permanent employment as opposed to the potential for multiple employers accompanied by periods of unemployment in the construction trades.

In certain programs there is a strong motivation for apprentices to complete even though there is no legal requirement to work in the trade. Higher wages for certified journeypersons in the trade, pre-screening requirements for entry, industry standards, opportunities in other provinces, and expectations or support from employers likely contribute to apprentices in these trades completing their programs. Employers of trades with elevated safety concerns, such as powerline technicians, will be motivated to fully train their apprentices. The complex nature of the work in these trades tends to attract individuals with stronger basic skills positioning them to succeed. Certification requirements in other provinces may also affect completion rates in BC for trades that tend to be more mobile (e.g., boilermakers). Lower average rates of completion in BC for most trades that are compulsory in other jurisdictions, however, appears to confirm that an absence of compulsory certification has had a negative impact on overall completion rates. For example, BC completion rates for hairstylists, crane operators, plumbers, steamfitter/pipefitters, and sprinkler fitters are lower than the national average, and many continue to trend lower.

Echoing the trend in overall certification, fewer workers in Red Seal trades in BC are obtaining certification. Certification rates in Red Seal trades averaged 65% in BC between 2011 and 2014, down significantly from 84% during the period between 2001 and 2004. The rest of Canada experienced a much smaller decline,

⁴ Patrick J. Coe, “Apprenticeship programme requirements and apprenticeship completion rates in Canada,” *Journal of Vocational Education and Training*, 2013. 16 Completion Counts, Ontario Construction Secretariat, 2013.

falling from 88% to 76%. This implies that fewer individuals are progressing to complete the full scope of the trade since the 2003 model was implemented, or that more workers are working in the trade without the full certification.

The analysis of completions suggests that despite the large increase in registrations and completions, certification in Red Seal trades has fallen in proportion to other modular sub-trades. This implies that the share of the workforce in BC that is certified in full-scope Red Seal trades has also declined. Workers certified in single first-level modules have lower level qualifications and as such are not afforded the same degree of workforce mobility.

Recommendations

Re-introducing compulsory certifications for certain trades in BC could play a significant role in “re-balancing” the distribution of skilled trades training. Compulsory certification requirements would increase labour market demand for certified workers and related apprenticeship training. Compulsory certification would likely put upward pressure on wages, attracting more workers to the trade, and has been found to raise the prestige of trades, increasing their appeal further. Compulsory certification will contribute to increased workplace safety as safety is tied to competency and training.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Should discontinue certification of modular in training; and
2. Should realign with the certification practices of the rest of Canada accompanied by using a clear framework for the review of trades with an effective compliance and enforcement policy, based on evidence-based analysis and input from industry.

SUPPORTING UNIVERSITIES FOR A STRONGER ECONOMY IN B.C. (2018)

Summary

Post secondary institutions are key economic drivers of the various communities they are in, supporting countless business, both through providing markets for their products and services as well as training the next generation of employees and owners.

British Columbia’s universities and colleges (“universities”) have hit a wall with a system of funding that does not adequately support today’s modern university mandates. It is time for an update of the Provincial Government’s funding formula to enhance the continued growth of our post-secondary institutions by revisiting all aspects of the funding formula.

Business Issue

Universities are large economic engines located throughout British Columbia. Some of the greatest impacts to the economy include direct and indirect spending, employment, research initiatives and a knowledgeable workforce. For example, Thompson Rivers University in Kamloops is the fourth largest

employer in the City. It contributes an estimated \$355 Million to the regional economy, adding intellectual and knowledge-based factors to the community.

Background

The present allocation formula for block grant funding of B.C.'s post-secondary institutions is approximately 15 years old with the allocation structure generally static for 12 years. Despite a drastic increase in student enrollment across the province, and many other changes at universities throughout the years, there has been little to no change in funding allocation.

Increased student enrollment is only part of the issue cited with the present funding formula. The present formula is based on targeted enrollment and does not re-allocate total funds once actual enrollment figures are realized. Therefore, when a university targets below actual student enrollment, the university does not see an increase in funding. As such, the contrary is also true; if a university targets above actual realized student enrollment the university retains the initial funding amount.

Over a 15-year time span, a variety of changes have occurred within the universities of British Columbia, compromising outdated funding formulas. Highlighting a few for the purposes of this document:

- Mandates have changed, recognized through changes in the University Act. B.C.'s funding allocations do not take into account the diverse mandates of its many universities;
- The need for individual student support services has become much more intensive especially for those universities who are designated as open access, directed to accept students without a cap on acceptance numbers;
- Pedagogy has changed over the past 15 years to where blended classroom-learning and experiential learning is the accepted best practice; and
- Enterprise management has become increasingly intensive with IT demands; safety concerns; environmental issues; government-imposed union bargaining mandates; intellectual property laws and a constant increase in provincial government reporting requirements.

In conclusion, a 15-year old funding formula does not add as much value as it could. For these reasons, and others, it is crucial that funding levels and allocation of funds be revisited for our post-secondary institutions in BC. This will make a better British Columbia for all involved.

THE CHAMBER RECOMMENDS

That the Provincial Government, in consultation and collaboration with industry and other relevant stakeholders, conducts a comprehensive review and revision of the funding model for post-secondary institutions in order to actively support BC's economic growth.

AGRICULTURAL LAND COMMISSION REGULATION REFORM: CREATING PRINCIPLES-BASED FARM LAND USE POLICY (2018)

The BC Agriculture Land Commission (ALC) has a well-developed regulatory framework to serve the purposes of Section 6 of the Agricultural Land Commission Act:

- to preserve agricultural land;
- to encourage farming in collaboration with other communities of interest; and
- to encourage local governments, First Nations, the government and its agents to enable and accommodate farm use of agricultural land and uses compatible with agriculture (Government of British Columbia, 2014).

The regulatory framework currently adopted by the ALC can best be described as “prescriptive”, especially regarding Land Use Policies. There are currently 23 Land Use Policies, each containing a set of specific requirements, limitations or controls over the scope, scale and form of actions a farm landowner may consider. Although the rules for land use within these policies are well intended, it is widely understood that prescriptive regulations can have unintended consequences – reflexively prohibiting innovative ideas that were neither anticipated nor envisioned at the time of policy development and approval. Specifically, the application of existing (prescriptive) policy language has had a negative impact on the entrepreneurial farmer who wishes to innovate their farming operations to maximize the value of product and service offerings, thereby creating value for themselves and their community.

Farm owners in BC are capitalizing on the fast-growing, world-wide demand for agritourism products and services. Agritourism provides a significant opportunity for BC farmers to diversify their traditional farming activities in order to augment their local farming incomes and contribute to the growth of the provincial tourism industry. In terms of sustainability, incorporating agritourism, and other farm-related business in off-farming growing seasons, makes good business sense. There is much diversity in agritourism offerings, ranging from agri-accommodation and agri-food/beverage, to primary agritourism and direct sales, to agri-recreation, agri-tainment, agri-therapy and cultural tourism.¹ Each of these subcategories of agritourism can be integrated and blended in ways a myriad of ways that are unique to the farmer, the land and the demand. Given the diversity of known product and service options, the rapid development and expansion of business models for agritourism, and the evolving nature of agritourism demand, it is unreasonable to expect that a limited set of prescribed standards can be used to adequately steward BC’s farm land while also fairly supporting and enabling entrepreneurial farmers.

Farms within the Agriculture Land Reserve (ALR) range from very small to vary large, and range in location from remote to semi-rural to within areas of dense urban development. Accordingly, the policies governing land use should be flexible and adaptable to the varying circumstances. The acceptability of proposed agritourism activities should not be based on “one size fits all” prescriptive regulation, rather, acceptability should be determined based a consideration of the scope and scale of the farm, the configuration and shape of the property, its location and proximity to population, and the need for consolidation of infrastructure to make an agritourism service viable and sustainable.

1 Agritourism services and products, 2009 <https://www.cabi.org/cabebooks/ebook/20093120390>

A principles-based or merit-based regulatory approach to interpreting and enforcing the Agricultural Land Commission Act should be considered, such that arable farm land can continue to be protected for future generations while also providing an enabling environment for the development of agritourism businesses for current farm (business) owners. Other BC government entities, such as the Liquor Control & Licensing Branch (LCLB), have moved away from a highly prescriptive stance toward a more flexible and adaptable approach, via the use of higher-level policy interpretation directives (e.g. Is the application in the public interest; Is there a health and safety concern). This method has proven successful in achieving public interest and alcohol-related economic development goals simultaneously and serves as a model for other policy regimes (such as ALC Land Use Policy) for transitioning from historical, prescriptive regulations to a more modern principles-based approach that can reliably enable entrepreneurial farmers, stimulate farm-business innovation, and grow the economy.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Review the current ALC Land Use Policy framework to:
 - a. investigate existing issues with the current prescriptive farm land use regulations, particularly from the perspective of an entrepreneurial farmer;
 - b. determine methods for increasing the flexibility of ALC Act interpretation such that agritourism, agriaccomadation, agrifood/beverage, agrirecreation, agritainment, agritherapy, cultural tourism business innovation is enabled and supported; and
2. Work with the ALC, Ministry of Agriculture, and other relevant stakeholders to implement a principles-based regulatory approach for farm land use policy.

USING PROPERTY TAX REFORM TO SUPPORT AGRICULTURE PRODUCTION (2018)

The Agricultural Land Reserve (ALR) was designed to protect farmland; only 5% of BC is in the ALR, and only 1% of all of BC is prime farmland — much of which is close to urban centres. Non-farm residential and non-farm commercial uses are becoming more numerous and take advantage of tax breaks designed to foster farm production without meaningfully contributing to BC's overall Farm Cash Receipts (FCR). We recommend that property tax benefits for agricultural land be reformed to ensure that the recipients are farmers, not speculators.

Background

The Globe & Mail (2016) published an investigative report illustrating the means by which some investors and speculators are purchasing agriculture land and removing those acres from production. In their research, they found that 60% of the purchases of agriculture properties the Lower Mainland during the

period studied were by speculators.² The article described how the tax benefits designed for farmers, were instead, encouraging land speculation.

Metro Vancouver produced a White Paper in 2016³ outlining the challenges of protecting agricultural land in the region – despite the best intentions of municipal governments. Strikingly, in 2011, the Ministry of Agriculture found that only half of the 60,893 hectares in the ALR was actively farmed⁴. The remaining half of the ALR in the Lower Mainland was not actively farmed including parcels that remain fallow. The remaining farmland under production generated 26% of BC’s gross annual farm receipts, on only 1.5% of the province’s agricultural land in 2016⁵. In 2016, Farm Cash Receipts (FCR) for all of BC was \$3 billion, down 2.5% from 2015. This 0.6% share of the provincial GDP was produced on less than 3% of provincial land.⁶

The Agricultural Land Reserve is valuable for its designated purpose and it does need to be protected for farm use. However, as demonstrated by Metro Vancouver’s White Paper and the Globe & Mail report, the measures originally designed to encourage farming, have become incentives for non-farmer owners to own land and live in the ALR. This situation we believe, although prominent in the Lower Mainland, may also make the ALR vulnerable to non-farm ownership and speculation across the province.

Tax breaks for ALR properties were originally developed to offset the strict land-use limitations that owners must abide by – such as not being able to sub-divide or develop the land into residential or industrial units. These restrictions when originally applied decreased the land value substantially when compared with land now encompassed by the Urban Containment Boundary in Metro Vancouver (Metro Vancouver 2040: Shaping our Future) for the Lower Mainland.

As described in Metro’s White Paper, there are four property taxes that could be reformed to ensure that tax policy meets the originally intent of the agricultural land protection measures.

1. School Tax Exemption

All land in the ALR, regardless of classification, receives a 50% exemption on School taxes. The 50% exemption also includes other taxes in Metro Vancouver such as Translink, etc. An analysis completed by Metro Vancouver found that properties not used for farming accounted for 84% of the total amount of school tax exemptions for the region, despite accounting for only 59% of parcels. In particular, small properties (under 2 acres), not necessarily subject to ALR restrictions received school tax exemptions. Metro’s conclusion is that, “The school tax exemption is an inequitable property tax policy as the main beneficiaries of the policy are residential landowners in the ALR who are not farming.”⁷

2 Globe and Mail. On BC’s farmland, mega-mansions and speculators reap the rewards of lucrative tax breaks, www.theglobeandmail.com/news/investigations/farmland-and-real-estate-in-british-columbia/article32923810/, November 18, 2016, updated November 12, 2017.

3 Encouraging Agricultural Production through Farm Property Tax Reform in Metro Vancouver, 2016

<http://www.metrovancouver.org/services/regional-planning/agriculture/resources/Pages/default.aspx>.

4 The Ministry of Agriculture will be releasing updated figures shortly.

5 Agriculture in Metro Vancouver: Results from the 2016 Census of Agriculture <http://www.metrovancouver.org/services/regional-planning/agriculture/Pages/default.aspx>.

6 Sector Snapshot for 2016 <https://www2.gov.bc.ca/gov/content/industry/agriculture-seafood/statistics/industry-and-sector-profiles>.

7 Encouraging Agricultural Production through Farm Property Tax Reform in Metro Vancouver, 2016, p.6.

<http://www.metrovancouver.org/services/regional-planning/agriculture/resources/Pages/default.aspx>.

Metro Vancouver Point #1: We report and recommend that the residential classification be removed from the School Act (Section 30), and only land classified as farm receive the tax exemption benefit.

2. Land Classification

Land classed as farm for assessment purposes, commonly referred to as ‘farm class,’ is defined by the type of primary agriculture and gross income for production on that land. The three farm sizes and the minimum gross farm receipts are:

- Less than 2 acres – \$10,000;
- 2 to 10 acres – \$2,500; and
- Greater than 10 acres – \$2,500 plus 5% of the actual value of the area in excess of 4 hectares.

Owners can farm or lease portions of their land to farmers to meet the minimum requirements for farm class and qualify for a significant reduction in property tax, while paying residential tax rates on a substantially smaller portion of the property. However, these leases are sometimes as short as 1 year, which does not encourage investment in long-term agricultural production or the necessary equipment and infrastructure to build a profitable business. As of 2016, 24% of the parcels in Metro Vancouver just meet the bare minimum income requirements for farm class.

Metro Vancouver Point #2: The minimum threshold for farm class should be changed across all parcel sizes to \$3,500, to accommodate for small, active hobby farms currently required to earn over \$10,000 in gross receipts. In addition, there should be a two-tier system where farms that meet a higher threshold of gross farm receipts (i.e., \$10,000) receive greater benefits, thereby encouraging the small farms to expand.

3. Assessed Value of Agricultural Land

Properties with farm class (Class 9 properties) are assessed based on the quality of the soil: the better the soil, the higher the value. If not actively farmed, the land is assessed by the market value by its “highest and best use” in comparison with other rural properties, those with poorer soils or other non-farm usage, for example, within the ALR. The non-farmed properties are subsequently valued by the “market comparison” at a lower rate than a producing farm with good soil, which results in lower tax assessments, and therefore lower property taxes than comparable residential and commercial uses in urban areas. Subsequently, it is a strong financial incentive to locate non-farm activities on agricultural land.

Metro Vancouver Point 3: We recommend reconsidering how non-farm activities located in the ALR are assessed. The purpose of changing the assessment method is to discourage non-farm land uses not part of a farm operation from locating on the cheaper farmland.

4. Assessment of Farm Buildings

There are numerous acceptable uses for buildings on farms: packing houses, processing facilities, market buildings, and related uses. These are assessed as per their use for the farm operation as per definitions in the legislation used by BC Assessment staff. The challenge arises with a change of ownership, which may lead to a change of building function. Assessors may not be aware of changes in function and the assessments become “misaligned.”

Metro Vancouver Point 4: We recommend that provincial agencies involved in the assessment process have adequate process and resources to ensure the correct assessment of buildings in the ALR.

Opportunity for Change

In the recent Budget 2018, the Province increased funding for the agri-food sector, supporting a variety of initiatives such as Grow BC, Feed BC, and Buy BC. Further, the provincial government has put into place an advisory committee of 9 members.⁸ The Discussion Paper: Revitalizing the Agricultural Land Reserve and the Agricultural Land Commission, outlines the committee’s objectives and the themes they anticipate reviewing. Of those ten themes, none specifically considers property tax reform, though several discuss residential and non-permitted activities.

The suggestions (which are by no means prescriptive in the discussion paper) indicate a priority on “clearer regulations and consistency in interpretation” – laudable but may not be as effective as reforming property taxes.

One additional issue requires consideration – that is encouraging investment in farmland and the use of bare land trusts to avoid the foreign buyer tax. The Globe & Mail article investigating mega-mansions and speculators, found that property would be purchased by a numbered company, then a buyer would purchase shares and ownership was transferred without transfer taxes or foreign buyer tax levy – all the more attractive now that the foreign buyers tax has increased to 20% from 15% and applies more broadly across urban regions. Auditing and/or ensuring that bare land trust ownership is public information may catch those using the cheaper farmland as an investment rather than for agricultural production.

The provincial government has struck an Agriculture Advisory Committee to review the Agriculture Land Reserve.⁹ Portions of the Metro Vancouver recommendations are included in the government’s discussion paper for the review committee. Although there is opportunity to provide comment, there is need to ensure that tax reform is focused and effective. Further, given the impacts on farms and the ability of farmers to access quality farm land, the government needs to:

- Reconsider how non-farm activities are assessed on agriculture land; and
- Ensure that provincial agencies involved in the assessment process have adequate process and resources to correctly assess buildings in the ALR.

As previously mentioned, BC’s Farm Cash Receipts dropped 2.5% between 2015 and 2016. While there are numerous factors that could contribute to this, not farming over 50% of the Metro Vancouver’s ALR would be impactful. Those who are not using farmland for its intended purposes currently are doing so because it is easy and cheap to own land in the ALR for non-farm uses or potential land speculation. Encouraging production and discouraging undesirable land use in the ALR, can be done simply and effectively by reforming tax policy and using other policy tools to ensure farmers benefit and speculators don’t.

⁸ Ministry of Agriculture, consultation <https://engage.gov.bc.ca/agriculturallandreserve/>.

⁹ <https://engage.gov.bc.ca/govtogetherbc/consultation/agricultural-land-reserve/>.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Reform the school tax exemption to apply strictly to land classified as farm, and to remove residential classification from the School Act (Section 30);
2. Change the minimum farm receipt threshold across all parcels, regardless of size, to \$3,500; and create a tier system where farms that meet a higher threshold of gross farm receipts receive greater tax benefits; and
3. Audit and/or make public the ownership of Bare Land Trust ownership of ALR properties.

ENGAGING BUSINESS AND COMMUNITIES ON ELECTORAL REFORM (2018)

Issue

Recognizing that the provincial government has determined that British Columbians should vote, for a third time, on potential changes to the voting system, and that the provincial government has conducted limited consultation regarding this process, the business community does offer the following recommendations.

While the mechanics of how proportional representation would be implemented in British Columbia have yet to be clearly defined, it is clear that a shift to this model would fundamentally change the governance structure of the province with significant implications to the business community. Any changes to our electoral system that a) bring about substantive changes with unclear outcomes, and b) put us at variance with other provinces and/or territories must be carefully considered.

Background Discussion

The current electoral reform initiative provides insufficient clarity as to what BC voters are being asked in a mail-in the Fall 2018 referendum and, thus, there is no real opportunity to engage citizens in a productive discussion to better understand each option, how each option would work and what the likely impact on the public agenda (i.e. government priorities and focus) would be. Voters are being asked to vote on something, the details of which they are not fully aware. It is that exact outcome the BC government was concerned about almost a decade and a half ago when it decided to take the extraordinary step of creating the Citizens' Assembly.¹

The second concern being expressed in some regions of the province is that a new proportional representation system could result in more MLAs representing the major metropolitan areas and that could exacerbate the growing rural-urban divide – those additional metro voices will have greater numerical influence over the setting of the public agenda (proposed legislation) than those in rural areas.

Supporters of proportional representation suggest that more diversity can be represented in rural areas, but that does not affect the total number of representatives. That will be heavily tilted in favour of the major metropolitan areas. As population in BC is not evenly distributed, the 2.8 million people living in the Lower Mainland would have a disproportionate amount of representation and control over the entire province. Yet, the industries of the rural areas in BC to a great extent support the metro population.

History of Electoral Reform in BC

Alternative approaches to balancing the growing urban-rural divide have not been thoroughly discussed. As an example, creating multiple houses within Parliament – where there is representation by population and representation by geographic distribution – would yield a system that would ensure the majority do not run roughshod over the minority. That option is not being discussed, even though many residents believe addressing our growing urban-rural divide is a far more important discussion than switching from FPTP to PR.

The final issue of concern is setting the bar for approval at 50% +1 instead of establishing a clear majority threshold as was the case in 2005 (i.e. 60% of voters overall and approval in at least 60% of all ridings).

¹ "Making Every Vote count: The Final Report", <https://citizensassembly.arts.ubc.ca/>

Legislatures, parliaments and congresses around the world have long recognized that 50% plus one isn't the only way to make a democratic decision. Some decisions are so momentous that they ought to be made unanimously (jury convictions, for instance), while others are minor they require just a plurality.²

Noting Precedent for Super-Majority Thresholds

There are precedents in BC and elsewhere in Canada with respect to requiring a super-majority in order to receive approval. As an example, in British Columbia's two previous electoral system referenda in 2005 and 2009, a 60% vote in favour of the Single Transferable Vote (STV) electoral system across the province (of those voters participating) was required along with a 50% plus one majority voting in favour in at least 60% of British Columbia's geographic ridings.

The 2009 referendum was defeated, with 60.9% voting against the reform and 39.09% of voters supporting the change. This represented a remarkable drop in the share of voters supporting reform in 2005 referendum which narrowly missed one of two approval thresholds required to pass. The yes vote surpassed the 50% threshold in 77 of 79 electoral districts, but the province-wide vote was 57.69% in favour - 2.31% below the required threshold to pass.³

BC, of course, is not the only province to have precedent in establishing a higher threshold on such a referendum. In 2007, the Province of Ontario held a similar referendum where the threshold was set as: (a) at least 60 per cent of all the valid referendum ballots cast; and (b) more than 50 per cent of the valid referendum ballots cast in each of at least 64 electoral districts.⁴

As noted in one of the submissions received recently by the BC Government, the current direction being proposed with respect to the threshold runs counter to other provincial legislation that in fact requires even higher thresholds of 75% in order to make far less significant changes.⁵

By lowering the threshold to 50% plus 1, the legitimacy of the outcome is significantly reduced and sets the stage for a perpetual debate over the issue, a fact that has been recognized by political leaders and governments across the country.

Super-majority rules are those that call for more than 50% support, but less than unanimity. Often, they require two-thirds of the voters, other times it is three-fifths (the votes required to call an end to a filibuster in the U.S. Senate or to pass a substantial matter through the United Nations Security Council).

Super-majorities go back at least to jury deliberations in classical Rome. A thousand years later, the medieval church adopted a two-thirds super-majority rule for ecclesiastical elections, including the election of a pope (a rule that is still in place despite Pope John Paul II's effort to change it in 1996).

Obviously, requiring a super-majority can make it more difficult to achieve an affirmative outcome on a question. That means some proposals fall by the wayside, but for those that ultimately get passed, the result is a clear indication of broad support. Most political theorists agree that such broad consensus

2 LA Times Article – Mar. 22, 2009 <http://articles.latimes.com/2009/mar/22/opinion/oe-goldberg22>

3 Elections BC Fact sheet, January 2009 <http://www.elections.bc.ca/docs/news/FF-Ref-20090129.pdf>

4 Government of Ontario Electoral Referendum Act <https://www.ontario.ca/laws/statute/s07001>

5 BC Strata Property Act-Section 97 http://www.bclaws.ca/civix/document/id/complete/statreg/98043_06

makes for stronger, more durable law. The BC Chamber itself has long required a two-thirds majority of members to pass policy recommendations. The result is greater confidence and certainty when communicating important issues with government.

On the other hand, other organizations like the Union of BC Municipalities (UBCM) only require 50% plus one in debating and voting on its policies. As a by-product of that approach, they quite often have the same policy come back year after year with a different result, resulting in an inability to take a firm and predictable position when debating that issue with the province.

As stated previously, if passed, a super-majority makes for a more durable and lasting decision-making process.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Appoint a non-partisan examination of the likely outcomes of an alternative system prior to issuing a referendum, comparable to the previous Citizens' Assembly, examining the implications of the proportional representation being considered, particularly, its implications on rural/urban divide;
2. Clearly define the system of proportional representation that is being considered, well in advance of any referendum;
3. Adopt the same threshold required for approval as was used in the referendum in 2005 and 2009; and
4. Delay the referendum until such time as the government has properly engaged the electorate and provided adequate time for question review and program definition.

USING PURCHASING POWER TO DRIVE GROWTH, PROSPERITY AND COMMUNITY BENEFIT (2018)

Opening Statement

Every year, governments at all levels spend billions of dollars on goods and services from large construction projects to one-off catering contracts. There is increased momentum to harness that procurement power to help raise individuals out of poverty, increase supplier diversity and create community benefits to grow healthy economies and address social need.

Internationally, the inclusion of social value and community benefits in the procurement of public infrastructure is a recognized best practice. Leading public-sector practitioners globally balance the consideration of social value, with environmental impact and price. This is referred to as social procurement or community benefit. By failing to consider wider societal goals, our public procurement system has been increasingly out of step. However, recent political changes suggest this is changing. Currently the federal government, along with six provinces or territories (NS, QC, ON, MB, BC, Yukon) have, or are amidst the changing of policies, practices, and legislation to incorporate community benefit through greater social and economic goals into their procurement practice.

In October 2017, BC Premier Horgan clearly signalled the government's intention to move from low-bid to best-bid in the awarding of infrastructure contracts; to increase apprenticeship ratios and to promote diverse hiring practices for women, indigenous populations and others who are currently under-represented in the construction sector. It is a move consistent with the federal objective of securing wider public benefits from infrastructure projects, which is evidenced in the community Employment Benefits Reporting framework in the Invest in Canada plan.

Background

Public procurement is one of the primary tools with which government can have a material impact on growth and innovation in the broader economy. However, government's current approach to procurement often undermines its capacity to do so. Public procurement has typically been viewed through a narrow lens resulting in a transactional approach that favours low, short-term cost, instead of long-term value creation.

Public procurement is being transformed into a more value-added function; creating new opportunities to drive innovation and stimulate inclusive economic development. The arrival of social procurement language in ministerial mandate letters at both provincial and federal levels, provides further evidence of governments seeking to leverage taxpayer funded contracts to achieve broad public policy goals.

In addition, there exists an opportunity to leverage procurement to balance the future needs of industry with the future needs of BC communities. As baby boomers retire, the workforce is shrinking and the construction industry is facing a critical shortage of skilled workers. In BC alone, 15,000 new skilled construction workers are needed by 2025. Despite this, it is estimated that almost 20% of young people, aged 16-30, are not working or attending school.

BC's construction industry has proposed that industry and government work together to achieve clearly defined Community Benefit Agreements while also complying with current trade agreements. These agreements would maximize local hiring, skills training and the recruitment of women and indigenous people into the construction and labour force. They would leave a legacy of skills and work experience

especially in rural and indigenous communities. The provincial government has the potential to leverage public spending through community benefit procurement to create value in the economy in the form of job creation.

At this time, a social procurement framework gap exists, as there is lack of guidance and clarity around the concept of social procurement. In addition, the desired outcomes and objectives of social procurement policy have not yet been defined. It is imperative that procurement practice be aligned with the government's other strategic economic priorities such as job creation, poverty reduction, and youth employment. Further, social procurement will have a greater likelihood for success if it is developed and implemented through the collaborative efforts of all key stakeholders.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Actively collaborate with industry to ensure all trade agreements are compliant, standardized processes and evaluation tools that are efficient, effective, open and transparent and are designed to improve access to procurement opportunities; and
2. Work with communities and industry to establish clear expectations with appropriate economic tradeoff values of social/strategic procurement to further define regional capabilities to support, foster and promote available resources and labour sources.

BC UTILITIES MINIMUM NOTICE PERIOD FOR RATE INCREASES TO RESIDENTIAL CONSTRUCTION FEES (2018)

Opening Statement

In January 2017, BC Hydro received final approval from the BC Utilities Commission (BCUC) for a rate increase on new connections to take effect April 1st, 2017. The short notice period provided was insufficient for the residential construction industry to adapt pricing and project timelines adequately, leaving many small businesses to have to absorb the additional costs.

Background

Effective April 1, 2017, charges relating to standard service connections, alterations and meter work with BC Hydro were increased to better reflect the cost of providing each service. It's the first time BC Hydro changed these fees since 2008, and they were re-calculated to more closely align with the actual costs for labour, materials and vehicles.¹

The new cost calculations were thoroughly reviewed by the BCUC and intervenors during a year-long process of the 2015 Rate Design Application. On January 20, 2017, the BCUC issued its decision approving the changes to the Standard Charges effective April 1, 2017.²

Service connection fees for zone 1 New single-phase connections include one meter. Additional fees may apply for modifications and relocations.³

	April 1, 2008 – March 31, 2017	April 1, 2017
100A overhead	\$ 463	\$ 799
200A overhead	\$ 496	\$ 838
400A overhead	\$ 798	\$ 1207
100A underground	\$ 605	\$ 957
200A underground	\$ 855	\$ 1270
First meter installed on a subsequent visit	\$ 92	\$ 181
Additional meter	\$ 23	\$ 46
Crew return visit charge	\$ 194	\$ 368

Two months is not sufficient notice period for changes to new connection fees by any BC Utility company. When typical permit processing times are longer than the notice period provided by BC Hydro, builders and developers are not given time to get homes ready for hook-up before the new rates take effect. In addition, when the majority of new homes in British Columbia are sold or built on a fixed-bid contract or pre-sold, builders and developers cannot pass on the additional costs to the homebuyer, leaving them to absorb the addition costs.

1 <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/accounts-billing/electrical-connections/changes-to-service-apr-2017.pdf>

2 <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/accounts-billing/electrical-connections/changes-to-service-apr-2017.pdf>

3 <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/accounts-billing/electrical-connections/changes-to-service-apr-2017.pdf>

ENERGY, MINES PETROLEUM RESOURCES

An example of this can be seen with a development in Harrison Highlands, in the Fraser Valley, where over 100 homes have been pre-sold at a fixed price and if the homes are not ready for connection within the short notice period, the increase rate of connection fees of \$400-\$500 per unit represents a loss of up to \$50,000 to the developer.

With fixed-price contracts, this cost must be paid for by the companies and for larger developments this can be several thousand dollars – a big expense for small businesses to bear with no notice. For all other contracts, this can be a significant impact to a budget for the new home buyer, especially in a province impacted by affordability already.

The reported average for Metro Vancouver for a typical two-level 2,500 sq. ft. home takes 16-18 weeks to build.⁴ This timeline is just for the building process and doesn't include many other factors outside the control of the development company, including building permit wait times, waiting for city hall inspections, etc. Below is a chart created by the Greater Vancouver Home Builders Association (GVHBA) showing permitting times across Vancouver with many the different types of project permits taking as long as 1 year or more to receive approval on.⁵



There needs to be a more realistic notice period given by any BC utility wishing to increase rates, that better reflect the timelines of a construction project. Notice of at least six months should be given so the construction industry can adapt for the new fees and structure the project accordingly.

THE CHAMBER RECOMMENDS

That the Provincial Government:

⁴ https://assets-production-webvanta-com.s3-us-west2.amazonaws.com/000000/27/01/original/HAS/HAS_Report_April7b.pdf

⁵ GVHBA Housing Approvals Study Page 25

1. Implement a minimum six-month notice period to all BC Utilities, for any increases to rates and services to allow industry time to adapt the new fees to projects accordingly; and
2. Establish a consistent direct communication method to inform industry about all upcoming rate increases and changes that would affect business in a timely manner.

DEVELOPING NEW FINANCIAL MECHANISMS TO DEVELOP B.C.'S MINERAL RESOURCES (2018)

Mineral exploration expenditures in BC peaked at a level of \$681 million in 2012. Post 2012 exploration spending collapsed to \$272 million in 2015, and to \$205 million in 2016 (Source: MEMPR), wreaking severe hardship on the sector. Subsequently, in 2017 there was a very modest recovery of \$246 million dollars, much of which was on more advanced projects. Of special concern is the lack of spending on grass roots exploration, although there has been a recovery in the number of early-stage projects.

The challenge is not a lack of worthy exploration targets; the problem is a lack of funding to pursue them. Traditional funding models don't seem to be working anymore and junior companies – the mainstay of the mineral exploration business – are seriously struggling. Also affected are those service and supply businesses (including legal and accounting services) that are employed by the junior sector, especially in Vancouver.

Part of the problem is that the old model of independent retail stock brokers has broken down with the advent of highly computerized algorithmic and high frequency trading, and with the consolidation of the brokerage industry by the banks which now control upwards of 95% of Canada's wealth by some estimates. Banks actively discourage their brokers and clients from participating in speculative securities because of:

- risk aversion; and
- banks preferring to earn management fees on assets over a long-term.

Speculative junior mining stocks do not fit their business models.

Further, there is evidence that Millennials are more familiar with and attracted to advanced technology investments meaning there is more competition for speculative investment dollars.

Flow-through share financing has been a successful structure for over 30 years whereby governments have acted as a catalyst to increase the levels of resource property exploration and development in Canada. By acting as a catalyst to assist mining companies in attracting greater amounts of private market funding at more attractive terms than would otherwise be possible without government support, governments help encourage mineral exploration activity and the discovery and development of the public's mineral resources.

Flow-through shares were originally introduced to address an exploration financing inequity that arose between major and junior exploration companies. Major producing companies have income against which their exploration (and other) expenses can be deducted; most junior exploration companies are not yet producing and so have no income from which to deduct their legitimate expenses.

A flow-through share is a share, or the right to buy a share, of the stock of a mineral resource company where these expenses are “flowed through” from the company to investors who can use these legitimate and otherwise unused expense deductions against their income to reduce their tax payable.

The BC mining flow-through share (B.C. MFTS) tax credit allows individuals who invest in flow-through shares to claim a non-refundable tax credit equal to 20% of their BC flow-through mining expenditures. The BC MFTS has been harmonized with, and has been in addition to, the 15% federal Mineral Exploration Tax Credit. Unfortunately, the expiry date for the BC MFTS tax credit is December 31, 2018.

BC has an excellent Mining Exploration Tax Credit program that provides a 20% refundable tax credit for resource companies through January 2020, and an enhanced rate of 30% for companies exploring areas affected by the mountain pine beetle. The Chamber thanks the government for its foresight in implementing a long-term tax incentive for companies active in mineral exploration.

A significant amount of money raised from flow-through financing is not being deployed during the recent market downturn because some companies are unable to finance brownfield exploration or expansions. These could be addressed if the flow-through program was amended to allow the application of flow-through funds to open pit and underground exploration and development at both brownfield and greenfield sites.

Each year (at both federal and provincial levels) industry and governments engage in a wasteful exercise of renewing these programs for the ensuing year, impeding forward planning and drawing upon administrative resources that could be put to better use. These annual renewals have been going on for since the early 2000s; everyone would be better served by making these provisions permanent.

THE CHAMBER RECOMMENDS

That the Provincial Government encourage private sector investment in mineral exploration by:

1. Making the BC MFTS share program a permanent feature of the tax system or, at a minimum, extend the program for an additional three years;
2. Implementing a temporary increase in the deduction gross-up to 125% for development spending and 150% for exploration spending to flow-through share financing, and increase the associated tax credit of eligible costs from 20% to 30% (similar to the Budget 2007 measure to increase the mineral exploration tax credit in pine-beetle infested regions);
3. Expanding flow-through eligibility to include both surface and underground greenfield and brownfield exploration and development expenditure;
4. Making the BC Mineral Exploration Tax Credit permanent; and
5. By lobbying the federal government to implement a permanent Mineral Exploration Tax Credit to complement the BC MFTS.

INVESTING IN GEOSCIENCE BC REQUIRED TO CAPITALIZE ON B.C.'S ENERGY RESOURCES

British Columbia is Canada's second largest natural gas producer with current reserves sufficient to last 300-plus years at current demand levels. Cheap, reliable and clean energy is a central pillar of the province's economy, providing essential energy products to global markets, supporting thousands of jobs and contributing billions of dollars in revenue. Extraction of unconventional natural gas, which is accessed through horizontal drilling and the hydraulic fracturing process, has the potential to grow in the coming years.

In March 2018, the British Columbia government announced an independent scientific review of hydraulic fracturing to ensure the process is meeting the highest safety and environmental standards. The review will look at the role of hydraulic fracturing as it relates to induced seismicity (earthquakes) and its impacts on water quantity and quality. It will also look into fugitive methane emissions that may occur in the process of hydraulic fracturing.

Geoscience BC is a not-for-profit society incorporated under the B.C. *Societies Act* in 2005 for promoting, funding and supporting applied geoscience research in the province. Geoscience BC's role is to generate and publicly share high quality, relevant and unbiased earth science research and data relating to minerals and coal, energy and water that:

- Improves our collective level of geoscience knowledge;
- Informs responsible natural resource development decisions;
- Catalyzes investment and socio-economic opportunities; and
- Stimulates innovation and geoscience technologies.

Geoscience BC's specific energy research relates to oil and gas, geothermal and water resources. Much of its oil and gas work is guided by the respected Council of Canadian Academies' 2014 report *Environmental Impacts of Shale Gas Extraction in Canada*. Like the Hydraulic Fracturing Scientific Review, this work focuses on understanding the impacts of natural gas extraction activity, including research on water, greenhouse gas emissions and seismicity.

Geoscience BC has been providing public geoscience in these areas of important and relevant work since 2009, and the research produced and shared publicly is being used by industry, communities, government and Indigenous groups to improve practices, guide regulation and make informed resource management decisions. Examples of this valued Geoscience BC research work have included:

- The first ever regional-scale groundwater and aquifer mapping of BC's Peace region;
- Helping industry to better understand deep saline groundwater sources and to reduce reliance on surface water. This resulted in \$150 million being invested in water treatment plants in northeastern BC.
 - Water management for hydraulic fracturing entails sourcing water for well drilling and hydraulic fracturing and the proper disposal of water. The average well in BC's Montney Play uses 15 million litres of water during the hydraulic fracturing process (although this varies from 5 million litres to 90 million litres). In an attempt to mitigate surface water use, companies are turning to re-cycling produced water and flow-back water from

hydraulic fracturing operations, but this comes at significant cost. It is estimated that over the lifetime of a well, water management costs \$500,000 to \$1 million per well. Given well pads often have more than eight wells, water management has become the ‘holy grail’ of the energy sector.

- It is estimated that the economic and social values of scarce surface or aquifer water has a value substantially greater than the cost of recycled treated water and that as the technologies develop the advantage of using water treatment will provide significant benefits, in multiples of the costs for providing water treatment, relative to the approach of using fresh surface or aquifer water.
- The cost of accessing fresh water for industrial uses is likely to rise in coming years in response to adaptive measures needed to counteract climate change and to address citizens’ concerns.
- Currently, there is limited understanding of fresh water aquifer locations in British Columbia, especially the northeast where there is significant oil and gas activity. New research is required to understand sources of fresh groundwater, and which sources are appropriate for different end-users. This will also improve the limited knowledge of how surface water and groundwater interact and the effects of climate change. The information from this research will inform how usage by industries and communities may need to change or be managed. It can also be used to inform mitigation strategies in the event of a spill or contamination.
- Research to map British Columbia’s geothermal ‘hotspots’; and funding a roadmap document for communities considering using direct-use geothermal energy.
 - In 2010 BC Hydro’s now-defunct Standard Offer Program offered \$103 per megawatt while estimated geothermal production costs at Mount Meager, for example, were \$117 per megawatt. The BC Utilities Commission in constructing its alternative proposals for the Site C dam completion included geothermal projects as part of the alternate option at about \$83/MWh for both capacity and energy. This would be equivalent to about \$60/MWh for energy because the geothermal option would have its own capacity, whereas the alternative wind and solar projects need added capacity to enable delivery of their energy. BC Hydro evaluates wind and other resources to have an energy value of about \$85/MWh. If geothermal resources can be combined with local use of the waste heat from the energy production the energy costs are further reduced. Consequently, geothermal resources appear to have significant potential as a future resource if an attractive business environment can be established, a part of which would be provided by Geoscience research.
 - Geoscience BC research continues to verify if and where geothermal may be viable either through solely generating energy or combining energy production with use of geothermal for heat generation. If geothermal energy production is viable, this research can accelerate the potential development of geothermal energy in BC.

Geoscience BC’s core funding comes from the Province of British Columbia. The most recent funding of \$5 million per year for two years was announced in January 2017. Extending the timeframe of Geoscience BC funding to five years will allow the organization to focus on longer-term strategic projects, and to plan for the future. Interest groups have indicated that they would like to see Geoscience BC conduct more research on energy and minerals and expand its scope of research work related to water resources. Increasing Geoscience BC’s funding from \$5 million to \$10 million per year would make this possible.

The proportion of this funding invested in each focus area will depend on input from all interest groups and from Geoscience BC's volunteer Technical Advisory Committees and Board. As a guide, it is expected that funding would be apportioned as follows:

- 40% minerals
- 40% energy (30% oil and gas; 10% geothermal)
- 20% water

Collecting, interpreting and sharing new scientific data that addresses key issues concerning energy development in British Columbia allows all interest groups to make better decisions by identifying and mitigating risks and answering specific environmental and social questions. This creates certainty, attracts new investment and improves energy resource development.

THE CHAMBER RECOMMENDS

That the Provincial Government invests a total of \$10 million per year for five years (\$50 million total) as of March 2019 in Geoscience BC for minerals, energy and water research projects, with a mandate to leverage these funds with funds from other sources.

INVESTING IN INFRASTRUCTURE REQUIRED TO CAPITALIZE ON BC'S MINERAL RESOURCES (2018)

British Columbia is well endowed with mineral resources and possesses healthy mineral exploration and mining industries. These provide a strong economic foundation for the province, making it a leading global supplier of minerals.

Two organizations working to support the exploration and mining industries are the BC Geological Survey (BCGS) and Geoscience BC. Although BCGS is a Provincial government geoscience agency and Geoscience BC is a not-for-profit geoscience society, both groups have complementary goals and work collaboratively.

The British Columbia Geological Survey is the Branch of the Ministry of Energy, Mines, and Petroleum Resources responsible for producing and housing public geoscience information about BC's geology, including mineral resources and mineral potential. The BCGS databases are the permanent repository for geoscience data and information. The Survey was established in 1895 and it functions today as a highly technical institution that provides government and communities with geoscientific information to stimulate investment and provide knowledge to society's decision makers for responsible land and resource management.

Survey geoscientists carry out the systematic inventory and assessment of BC's varied and complex geology. They play a vital role in conducting research and providing technical advice and information to the public, First Nations, communities, industry, and government agencies regarding mineral resources, geology, and mineral development and exploration activities. The Survey's principal activities include mineral potential assessments for land use planning, geological mapping, mineral and coal deposit studies, exploration methods development, industrial mineral inventories management, monitoring exploration activities, and assessing geologic hazards. The BCGS publishes geoscience data, maps and

reports, and maintains extensive databases all of which can be freely accessed online through MapPlace, BCGS' web-based data delivery portal.

Ensuring BCGS remains appropriately resourced is key for developing robust land use strategies and strengthening BC mineral and mining sector. Funding levels should be sufficient to support the BCGS mandate enabling adequate numbers of geologists in the field to map and generate geoscience knowledge. To keep British Columbia competitive in a global market, investment should be made in the maintenance, updating, and upgrading of BCGS databases as well as expanding and improving MapPlace functionality, thereby delivering information to government, industry, investors and the general public.

Geoscience BC is a not-for-profit society incorporated under the BC *Societies Act* in 2005 for promoting, funding and supporting applied geoscience research in the Province of British Columbia. Geoscience BC's role is to generate and publicly share high quality and unbiased earth science research and data relating to minerals and coal, energy and water that:

- Improves our collective level of geoscience knowledge;
- Informs responsible natural resource development decisions;
- Catalyzes investment and socio-economic opportunities; and
- Stimulates innovation and geoscience technologies.

To date, Geoscience BC has completed more than 160 projects and is recognized by diverse groups including communities, First Nations, the resource sectors and varying levels of government as an organization that provides credible and relevant earth science research that solves challenges, attracts investment, informs decisions and supports the responsible development of British Columbia's natural resources. Geoscience BC's core funding comes from the Province of British Columbia, with \$10 million awarded in January 2017, and this funding leverages further funding from other partners. For every \$1 expended by Geoscience BC, \$1.52 has been invested in public geoscience research projects in BC.

If BC wants to realize the opportunity of our rich mineral resources, it needs to invest in these two organizations: according to the Prospectors and Developers Association of Canada every \$1 invested in public geoscience results in \$5 in private sector exploration expenditure. BC Assessment Reports show that \$86 million was spent on exploration in the area of Geoscience BC's QUEST project between 2007 and 2015 after surveying was completed.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Re-establish annual base funding from current levels (\$3.9 million) to at least \$5 million to maintain current databases and provide minimum field program support but consider investing additional funds to enhance BCGS capacity and improve delivery infrastructure; and
2. Invest \$10 million per year for five years (\$50 million total) in Geoscience BC, with a mandate to leverage these funds with funds from other sources.

MARKETING BC'S MINING INVESTMENT OPPORTUNITIES AND POTENTIAL

Background

BC has excellent geology for the discovery and production of metals and mineral products. Mining has long been a mainstay of our economy. Gross revenues for BC's mining industry in 2016 were \$8.7 billion.⁶

To sustain the industry requires continued exploration to replace mineral reserves as they are depleted. The "stockpile" of known mineral reserves are declining and new discoveries are urgently required to ensure a health and vibrant mining industry.

Unfortunately, despite somewhat increased industry spending in 2017 (\$246 vs \$205 million in 2016) exploration spending lags far behind the \$608 million spent in 2012. There are several reasons for this the primary one is the international competition for investment dollars. Mineral deposits are found throughout the world and BC must compete to attract investment. BC is literally in competition with the world for industry attention and investment.

The Fraser Institute's internationally recognized annual *Survey of Mining Companies* ranks BC at number 20 out of 91 in its '*Index of Investment Attractiveness*'. The was a marginal improved over 2016 ranking where BC placed 27/124. Of the jurisdictions ranked higher than BC, six are Canadian (Saskatchewan, Quebec, Ontario, Newfoundland and Labrador, Yukon, Manitoba) while three are Australian (Western Australia, Queensland, South Australia), three are European, five are American, and two are South American. Truly the world is competing with BC.

There is a perception in international investment circles that BC is not '*open for business*' and as such a poor place to invest or conduct business. Reasons given include lengthy permitting timelines, court challenges before and after government approval, and uncertainty surrounding First Nations claims and jurisdiction. Current publicity surrounding the difficulties surrounding the permitting and construction of the Kinder Morgan pipeline extension are reinforcing these negative perceptions throughout resource industry investors.

Even with challenges present in BC, new mines are being permitted and brought into production. Imperial Metal's Red Chris and Pretium's Brucejack mines are but two recent examples.

BC has world class geology, good infrastructure, a stable and reliable judicial system, world-leading geologic data information systems (MapPlace and MTO), inexpensive hydro electricity, and access to numerous deep-sea ports. There are many advantages to invest in British Columbia's exploration and mining industry that should be vigorously marketed to attract investment from outside of BC and Canada. Currently little effort is being expended to market BC's potential. For example, at recent Mining Investment conferences in Singapore and Hong Kong, there was government presence from Britain, Western Australia, Philippines, Indonesia, and Rajasthan, India and many other Pacific Rim governments working vigorously to market to potential investors. The BC government did not have a presence at these conferences.

⁶ PWC - Building for the Future: The Mining Industry in British Columbia 2016

Australian mining and exploration companies were well represented at these conferences. To assist companies reaching potential investors, Australian governments subsidize company booth rentals at such events. While a few BC companies were present at these conferences they were not supported in any manner by the BC Government.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Prepare and execute an investment and marketing strategy in partnership with the mining industry and Chambers of Commerce aimed at attracting mineral exploration and development investment to our BC mineral industry incorporating tactics such as:
 - a) proactively attending international mining investment events;
 - b) creating co-op marketing opportunities for industry stakeholders; and
2. Develop marketing tools emphasizing BC advantages as a place to invest in all stages and aspects of the mining industry.

MINERAL EXPLORATION INVESTMENT AND PERMITTING (2018)

In 2011 we commented that although mineral exploration expenditures had been rising due to high commodity prices BC should not take continued high prices for granted. Post 2012 saw exploration expenditures plummet to \$205 million in 2016, slightly recovering to \$246 million in 2017.

Especially concerning is the collapse in the greenfield, grassroots side of the business so essential to finding new discoveries to sustain future mine development. Early stage mineral exploration is the lifeblood of the mining sector because this activity finds the new mineral showings that become developed into mineral deposits and mines. Greenfield spending - prospecting and early stage exploration - is estimated to constitute approximately 2% to 5% of the total exploration spend in 2013, and even less in 2014. (The majority of the total exploration spend was on major developing projects such as Blackwater, Brucejack and KSM, all in northern BC).

In contrast the Association for Mineral Exploration BC (AME BC) believes that to discover the new deposits that ultimately become new mines (where the most significant revenues to government can be generated) requires sustained investment in prospecting and early stage exploration at at least a 20% level of the total expenditure.

Industry estimates that exploration expenditures more than \$100 million are required to discover a new mineral deposit that may be developed into a mine. On average a prospect will reach development stage 10-15 years after discovery, and often much longer. Mines currently in production, or in the environmental assessment process, are the result of successful exploration conducted years, often decades ago.

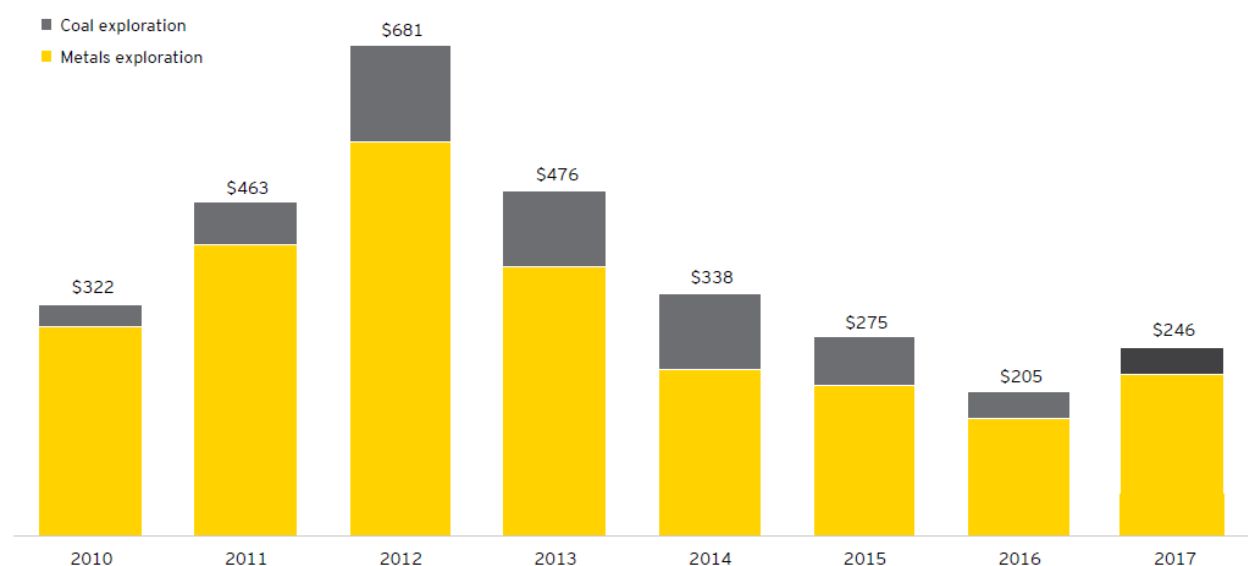
The gross value of mine production in 2016 is estimated at \$8.7 billion (vs \$7.7 billion in 2015). Industry paid approximately \$650 million in 2016 to governments in the form of mineral taxes and fees. (Source: PriceWaterhouseCoopers)

It is also worth noting that even exploration that doesn't result in new mines – only about 1 in 10,000 prospects become mines – does create value to British Columbians through increased community and regional economic activity and development, and by increasing geologic knowledge of our province.

The benefits of mining are clear. But if we wish to continue to reap the benefits of mining in the future we must work now to ensure prospecting and early stage exploration continue to discover new deposits.

BC Mineral Exploration Expenditures (C\$ millions, unadjusted for inflation)

Source: B.C. Ministry of Energy, Mines and Petroleum Resources/EY/AME



Two significant impediments to investment are the perceptions in the international investment community that Canada (and BC in particular) is plagued with lengthy permitting delays and uncertainties, and with land management and First Nations issues.

One of the issues facing mineral explorers stemming from new paradigms of First Nations relationships is the development of 'great expectations' of immediate economic benefit. There have been unrealistic, even extortionate, demands from some First Nations for large payments just to access to the land. Government has abetted this in many cases by not clarifying during consultations that the most significant financial benefits flow not from explorers, but from producing mines - the explorers don't generate revenue, they depend on capital markets to provide the money needed to first find the mine.

Most companies understand that early communication with all communities including First Nations are crucial to successful relationships and are pleased to hire First Nations workers to assist their exploration efforts, and to incorporate their concerns about mineral exploration work plans where possible. It needs to be clearly understood by all that payments from explorers for access to the land are not a legal requirement or entitlement. And should not be.

Another deterrent is the perception that the province denies access to and for exploration and development without due consideration of mineral potential or mineral resource values.

Currently some 20% of the province is closed to mineral exploration and development through parks, protected areas and other designations while another 30% is subject to significant restrictions.

It would be helpful going forward if further lands are closed to exploration and development for reasons of environmental protection, or to enable First Nation agreements, government considers opening up other lands such as no-registration areas that are currently closed. This would begin to address the issue of cumulative impacts of multiple closures and potentially open up areas of high mineral potential closed during past land use planning processes that did not adequately consider the mineral development potential and loss of socio-economic opportunities.

Further, when the province arbitrarily removes mineral lands from exploration and development it is seen to be unwilling to provide both fair and timely compensation for rights taken, (e.g. Flathead, and Boss Power where in both cases rights were taken without due process or consultation. In the Boss Power case the courts were very critical of the province's treatment and lack of procedural fairness in its dealings with the company and its shareholders).

If mineral rights are taken from tenure holders under the Parks Act the Act specifies that Fair Market Value is to be paid, and Fair Market Value is defined as *"the value that would have been paid to the holder of the expropriated mineral title if the title had been sold on the date of expropriation in an open and unrestricted market between informed and prudent parties acting at arm's length."*

However, if those same rights are not taken under the Parks Act, and if they are taken through other avenues, then there is no established legal mechanism to provide compensation for mineral rights expropriated. Government instead proceeds in an ad hoc fashion - often forcing companies into long drawn-out and expensive court proceedings.

The resulting uncertainties and consequent lack of confidence in the security of investment (and that investors will actually be able to develop the mineral resource and receive fair treatment from the provincial and federal governments) is negatively impacting our ability to attract investment. For these reasons there is a perception of a "BC Discount" for our mineral properties.

There is also a perception that prospectors and exploration companies may not enjoy due process in areas where proposed activities may be controversial, even in areas where Land Use Plans have been negotiated and agreed with all-sector and community and stakeholder involvement.

Another persistent issue has been a lack of consistency between government permitting offices across the province, and lengthy delays in issuing exploration permits in a timely manner because of understaffed and under-resourced government offices.

Before the 2010 major reorganization of Ministries, MEM was responsible for First Nation consultation which had major benefits such as having a one-window approach into the responsible government agency, communicating with knowledgeable staff familiar with industry's projects and achieving more timely and balanced decision-making based on science and project-specific facts and First Nations issues.

Experience has shown that delays are not caused solely by under-staffing, but also by excessive bureaucracy, red tape, limited staff training, and the ever-increasing scope and complexity of permitting and First Nations consultation.

Two major causes of permitting delays are the First Nation consultation process and the inability to make timely decisions. BC's mining industry proactively engages with FNs, and communities. AME has created (and is currently working on an updated and revised version of) an Aboriginal Engagement Guidebook to assist industry in engagement – but this industry led work is a direct cost borne primarily by prospectors and explorers who generate no cash flow, and until recently didn't receive credit for these efforts. Industry was unduly incurring the increasing costs of First Nations consultation although such consultation is the duty of the Crown. The weighted average of consultation costs borne as a percentage of total exploration costs in 2012 was estimated at 21% (Ernst and Young recent sample study).

The industry and the Chamber have asked that these costs be eligible for tax credits and the federal government has recently announced such consultation costs will be eligible for off-setting tax credits (such as flow-through shares and mining exploration tax credits), positive changes for which we are grateful.

Despite all, permits still become stuck during First Nations consultations or because of environmental issues where they may be opposing views or a lack of urgency to resolve issues. Government must work to fulfill their duty to consult, and undertake focused work to reduce red tape, to increase permitting efficiency and improve the one-window into government.

Canada is home to about half of the world's active mining exploration companies and BC is home to more than half of Canada's exploration companies. Vancouver is the largest concentration of mining exploration firms in the world. Consequently, Vancouver has a community of mining firms supported by a significant number of consultants, suppliers, and service suppliers - a cluster. Kamloops is home to a second BC cluster (Mining Capital: How Canada Has Transformed Its Resource Endowment into a Global Competitive Advantage – Canadian Chamber of Commerce).

World beating competitive industries often form from competitive clusters of “geographic concentrations of inter-connected companies, specialized suppliers, service providers, firms in related industries and associated institutions” - all of which we have in Vancouver and in Kamloops.

Mining is an innovative and technologically intensive sector partly because it operates in a highly competitive global environment. It has a long-supply chain relying on a diverse array of suppliers and service providers who are also challenged to innovate.

Given the very small amount of land used for exploration and mining this minimal land use provides by far the largest return on investment to the people of British Columbia per hectare, the Chamber feels that mineral exploration should be encouraged and that the nominal costs associated with administering and managing the sector should be considered an investment, and not simply a cost to be recovered.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Conduct a full and comprehensive mineral potential analysis of land under consideration for withdrawal from mineral exploration and development, including a full socioeconomic impact assessment of foregone resource values and opportunities before any additional lands are closed to mineral exploration;
2. Provide full and fair market compensation in a timely manner when mineral claims, tenures and leases become closed to exploration and development;
3. Fully staff and resource the mineral exploration and permitting agencies and ensure consistency across the province;
4. Monitor, track and publicly report accurately on the statistics regarding BC's actual land use and access, including mineral exploration and mining;
5. Consider opening lands currently closed to compensate for newly created protected or restricted access lands; and
6. Respect existing multi-sector negotiated land use plans

RESOURCES WORKING FOR BC'S ECONOMIC PROSPERITY (2018)

Business Case

Our provincial and national economies are currently being held in gridlock due to unanticipated and unprecedented delays in authorization and permitting of key resource development projects. The Federal government has recently adopted a new process for decision making on energy related projects. Without getting into the practicalities of their newly released process, the fact that there are clear steps, and timelines is certainly to be applauded. A similar process is of high importance for projects that fall within a provincial mandate.

Background

While the B.C. economy is made up of multiple sectors from high tech to tourism, BC is still a resource-driven economy, whether it's oil and gas, mining and minerals, forestry, agriculture or aquaculture. The prosperity we all enjoy is supported by our ability to extract and trade our resources with the world. In BC, the natural resource sector accounts for 11% of the provincial GDP and over 100,000 jobs. The resource economy goes beyond the rural communities that are in close proximity to the mines, the forests and the sea out of which our resources come. Today, it is estimated that 56% of all resource-related jobs are located in the Lower Mainland of BC. This highlights the truly symbiotic relationship that exists between urban and rural B.C. communities when it relates to the natural resource sector.

The value of the BC resource-based economy extends to the many supply chains throughout BC, across Canada and around the world. These supply chains support other sectors of the provincial and national economy from transportation and freight to finances and accounting to manufacturing and suppliers. While the Asia-Pacific Gateway and Corridor Initiative has alleviated many transportation bottlenecks in the supply chain, the fact remains our road, rail and port capacity still face sizeable challenges to moving

E ENERGY, MINES PETROLEUM RESOURCES

our natural resources to market. BC alone highlights the lack of export infrastructure, whether it is currently no LNG export facility or oil pipelines to Asian markets.

In BC, our ability to access global markets is hindered not just by our ability to move our resources to market, but also by our inability to extract the resources from the ground. Our capability to utilize our resource wealth suffers from our inability to “get to yes” in a clearly defined, timely and economically feasible fashion.

The BC Chamber of Commerce believes that:

- Resources will continue to be the engine of Canada’s prosperity now and in the future;
- These sectors provide unique opportunities to engage and partner with Canada’s indigenous peoples and remote communities;
- Canadian resource producers can balance our role in providing the world with the materials to build and power their societies with the need to protect and preserve the environment; and
- Canada must reinvest in its trade/export infrastructure, such as roads, rails, port terminals and pipelines in order to maintain and enhance our resource development advantage for the next generations of Canadians.

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments develop and implement, along with the BC Chamber of Commerce, Canadian Chamber of Commerce, First Nations, and other stakeholders, a clear consultation permitting and approval process with clear timelines and practical deliverables in order to advance permitting and approvals for resource development and export infrastructure that ensure BC resources get to market.

SUPPORT FOR BC GEOLOGICAL SURVEY (2018)

The BC Geological Survey (BCGS) is responsible for producing and housing public geological and geoscientific information about BC’s geology, including mineral resources and mineral potential in the province, as well as geologic information relevant to land use planning and hazard assessment. It is BC’s permanent repository for geoscience data and information in the province.

Its core staff is composed of professional geoscientists who carry out the systematic inventory and assessment of BC’s varied and complex geology and play a vital role in providing technical advice and information to the public, First Nations, and government agencies as well as industry, regarding mineral resources, geology, and mineral development and exploration activities.

Principal activities include geological and geochemical surveying, mineral, coal and industrial mineral inventories management, mineral potential assessments for land use planning, monitoring exploration activities, assessing geologic hazards, publishing maps and reports, and providing geoscience expertise to support government’s sustainable development objectives.

Its role was initiated in 1895 and it functions today as a highly technical institution in answer to the continuing geoscientific information needs of government, business, and the general public.

The inventory of information is used to attract industry investment, to assist government's stewardship of our rich mineral resource endowment, and to help manage and protect Crown lands.

For the past 123 years, mineral exploration and mining companies have relied on BCGS's data for the identification and development of ore bodies in B.C. As a result, mining activities in BC are an important source of jobs and revenues that sustain our province and support our families.

Over the years staffing levels have decreased, thereby inhibiting its ability to put adequate numbers of geologists in the field, and to maintain and update databases, thereby impeding its ability to deliver information to government, to industry and to the general public. Despite recent improvements, its workload and the need for their services have continued to grow, with few replacements for retiring and departing geologists – human resources and skills retention is now a very real problem.

BC is very well endowed with mineralization and BCGS has provided critical support for the exploration and development of revenue producing mines in BC Government has set objectives to increase the number of operating mines in the province. To have a robust mining sector well into the future BC must once again recognize BCGS's importance and fund it appropriately to allow it to fulfill its fundamental role as BC's permanent repository of geoscientific data for the province.

MapPlace and Mineral Titles Online have been revitalized since 2015, but continued demand for geoscientific data and platforms that support these will require continual improvement and maintenance.

"We need better quality discoveries and we need more of them." (Pierre Lassonde (Canada Mining Hall of Fame member))

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Provide increased and sustained annual base funding for the BCGS of a minimum of \$5 million, restore staffing levels to at least 2008 levels, maintain staff of five regional geologists and conduct field programs to improve the public's and industry's understanding of BC's mineral development potential, and to ensure the agency is able to continue their work of providing geoscientific information about our resources to government and to industry and the public; and
2. Continue to upgrade and update MTO and MapPlace.

SUPPORT FOR MAPPLACE AND BCGS ROLE IN IT (2018)

Background

MapPlace is an award-winning website designed to facilitate easy access to the maps and databases of the Ministry of Energy and Mines. Developed by Ministry staff (with valuable input from the private sector), it has been heavily used by industry, and by government and academia, for the past twenty years and makes government's geological databases easily available to those involved in exploring, managing and developing our mineral resource endowment. It provides a variety of sophisticated tools for performing spatial searches, mapping, hardcopy reproduction and limited GIS functions.

This level of sophistication in access to geological information is one of the province's key competitive advantages in attracting both interest and investment in mineral exploration and development. BC was a world leader in the sharing of geological and mineral exploration related data online, and continues to hold a leadership edge, particularly compared to other Canadian provinces.

Key to the success of MapPlace has been the timely posting and updating of data (within a day or two) by people knowledgeable of geoscience and the needs of geological community made possible because Geological Survey Branch staff has had direct access to the servers that contain and deliver that data.

Following the BC Chamber of Commerce's original 2015 resolution, MapPlace 2 was launched in beta format in late 2016 and continues to be developed. However, two years later, the platform remains under development, with the original MapPlace – launched in 1995 (a by-gone era in software terms!) – as the default platform accessible on the BC government website.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Ensure that BC Geological Survey Branch personnel remain directly involved in maintaining and managing MapPlace;
2. Continue to post data in a timely manner as has happened in the past; and
3. Expedite the launch of the new revised MapPlace and retirement of the original MapPlace, so that it is available to mineral explorers for the 2019 season.

SUPPORTING A GLOBALLY COMPETITIVE LNG INDUSTRY IN B.C. (2018)

Opening statement

Fostering a new industry in BC brings significant new investment, opportunity, jobs and employment training. When BC is able to find new markets for our responsibly developed resources, it adds value to those resources and supports communities, businesses and provides new revenue for provincial government services such as health care, transportation, infrastructure and public safety across BC.

Background

ENERGY, MINES PETROLEUM RESOURCES

British Columbia has 2,933 trillion cubic feet of natural gas reserves according to the report *The Ultimate Potential for Unconventional Petroleum from the Montney Formation of British Columbia and Alberta* by the National Energy Board, the BC Ministry of Energy, Mines and Petroleum Resources, the BC Oil and Gas Commission and the Alberta Energy Regulator. According to calculations, this is enough supply to meet domestic supply and provide 150 years of natural gas to export as liquefied natural gas (LNG).

According to the National Energy Board, Canadian natural gas supply currently exceeds domestic consumption. Canada's natural gas markets are heavily integrated with those of the United States and Canada exports its surplus natural gas to the U.S. while importing smaller amounts from the U.S. into central Canada in return.

In the last decade, the shale gas revolution in the United States has significantly reduced the need for the United States to rely on Canadian natural gas imports to meet domestic demand. As a result, the significant increase in natural gas supply has lowered prices throughout North America. Across North America, natural gas spot prices in 2016 averaged \$2.49 (USD) per million British thermal units (MMBtu) at the national benchmark Henry Hub, the lowest annual average price since 1999. Canadian prices were lower on average and natural gas exports to the U.S. declined about 25 per cent between 2007 and 2016.

BC's natural gas industry needs to access new markets in countries where demand is growing in order to maximize the potential of natural gas to BC and Canada's economies. According to the International Energy Agency (IEA), world demand for natural gas is expected to increase nearly 49 per cent by 2040, driven by large and rapidly expanding Asian economies. The establishment of an LNG industry on Canada's west coast would allow BC and Canada to export natural gas to new customers. This has the potential to meet the need of these emerging economies for clean, reliable sources of energy, while providing BC with the opportunity to add value to its resource by creating thousands of new jobs, apprenticeship and business opportunities, new revenue and long-term economic benefits for all British Columbians on the northwest coast, northeast and throughout the province including the Lower Mainland of British Columbia for decades to come.

According to a report by the Conference Board of Canada, an LNG industry of two large and one smaller facility would grow Canada's economy by an average of \$7.4 billion per year over the next 30 years. The increased economic activity would raise national employment by an annual average of 65,000 jobs. The majority of the impacts would occur in British Columbia with real GDP lifted by \$5.3 billion and employment up by an annual average of more than 46,000 jobs.

Without an LNG industry in BC, British Columbians risk losing these benefits to the United States as they will liquefy and export their domestically-produced natural gas and import cheaper raw British Columbian gas for their domestic needs. As British Columbia also has regulations and law in place to limit the amount of emissions produced by its LNG industry, allowing other jurisdictions to develop LNG would not only result in jobs and benefits leakage, but carbon leakage as well. British Columbia has the opportunity to develop a new industry that leads the world in low-carbon LNG and helps the world reduce global greenhouse gas emissions.

However, BC will not realize its LNG industry if LNG produced in BC is not globally competitive. BC wishes to maintain its high environment standards, but these should be reviewed to ensure that they do not add

extra cost to a project beyond what is absolutely necessary. The regulatory environment and any additional costs such as taxes must be equal to or less than our major competitors.

Global competitiveness also means that projects must be reviewed and approved in a timely manner. In the United States, the Sabine Pass Project in Louisiana by Cheniere Energy Partners was launched in the summer of 2011. It has been up and running for two years. Their second project at Corpus Christi, Texas first started in August 2012 with the filing of the FERC (Federal Energy Regulatory Commission) application. This was approved, and an Implementation Plan was filed by December 2014. Construction started May 2015 with first deliveries scheduled to start in 2019. By 2020, it is anticipated that these two projects along with others being developed will give the U.S. the third largest export capacity for LNG after Australia and Qatar.

According to Natural Resources Canada web site, there were 20 proposed LNG export facilities on the west coast of Canada. One project was cancelled in 2016 with three others following suit in 2017. As of February 15, 2018, there is only one project in BC, Woodfibre LNG, which has received environmental approvals as well as an investment decision to move forward with the project. Construction has not begun on this facility. Kitimat LNG was permitted in 2006 and LNG Canada was permitted in 2015, however neither of these projects have received a Final Investment Decision (FID). Although BC has experienced significant delays getting to the construction phase of an LNG plant, several projects throughout the world have been constructed and are operating over the past several years in Australia, the U.S. and other countries and with more to begin construction in 2018.

THE CHAMBER RECOMMENDS:

That the Provincial and Federal Governments:

1. Ensure that proposed LNG projects can be reviewed and approved in a timeframe that competes with other jurisdictions;
2. Examine BC's fiscal structure for LNG projects in comparison to other LNG jurisdictions to ensure that BC LNG is competitive in the global market; and
3. Provide a context of certainty and stability of process including respect for past approval decisions, clarification of First Nations rights and appropriate enforcement to prevent obstructions by opposing parties.

PROMOTING INNOVATION IN REGIONAL SOLID WASTE MANAGEMENT (2018)

The Chamber asserts that there is a growing disconnection between the goals of reducing waste, increasing diversion rates and the cost that independent businesses are being asked to bear. It is apparent in recent developments proposed by Metro Vancouver and Nanaimo that regional and local governments are shifting to policies that protect and favour public facilities over private ones. The impact of this shift is an increased cost burden being placed on waste haulers, waste service providers and local businesses, with little or no economic or environmental benefit. The Chamber believes that policies like those detailed below set barriers that restrict private enterprise from competing and ultimately limit investment and innovation which benefit the value provided to consumers.

Because regional governments are moving to impose increased regulatory burdens, we assert that this shift represents an unfair advantage held by these entities and is anti-competitive. As a result, publicly owned facilities profit at the expense of private sector facilities and ultimately consumers.

The Current Situation

In 2013, Metro Vancouver attempted to introduce proposed Bylaw 280—a bylaw that would institute flow control measures that would allow the region to increase tipping fees at will, maintain a feedstock for an incinerator and position the regional government to create a monopoly on solid waste services. Eight other regional districts¹ supported Metro Vancouver’s efforts to institute flow control after lobbying efforts by Metro Vancouver, making the issue provincial in nature.

However, the then B.C. Minister of Environment Mary Polak rejected proposed Bylaw 280 in 2014 citing concerns that the regulation would have:

- the potential to “stifle competition” in the waste management sector;
- the potential for increased illegal dumping;
- possible negative effects on MMBC; and
- a “destabilizing” effect on private-sector collecting and hauling.²

Revisiting this issue in 2017, the Greater Vancouver Sewerage and Drainage District recently approved measures proposed by the Zero Waste Committee on November 24 that have raised our concern. In particular, we are referring to:

1. the Hauler Licensing Bylaw;
2. the implementation of a Waste Generator Levy Bylaw; and
3. the amendments to Bylaw 181.

It is the Chamber’s view that, when taken together, the licensing bylaw, the waste generator fees, and the amendments to Bylaw 181 serve to reconstitute the same regime that was proposed by the committee under Proposed Bylaw 280 a few years ago. These changes will place an additional and unnecessary

¹ Capital Regional District, Regional District of Okanagan-Similkameen, Alberni-Clayoquot Regional District, Comox Valley Regional District, Regional District of Nanaimo, Regional District of Central Kootenay, Regional District of North Okanagan, and Cowichan Valley Regional District
² Ibid.

regulatory burden on B.C. businesses operating in the Metro Vancouver region, will increase costs, stifle investments in innovation, and impact affordability for consumers.

Unsustainable Financial Model

Metro Vancouver's waste reduction goals are contradicted by the methods in which Metro Vancouver collects revenue for its waste management programs. The first two goals of the Integrated Solid Waste and Resource Management Plan (ISWRMP)—minimize waste generation and maximize reuse, recycling and material recovery—both reduce the resource from which Metro Vancouver gains its main revenue stream, waste. The Chamber asserts that by discouraging regional districts from restricting open and competitive markets and allowing private enterprise greater access to the waste management market, private industry can add to the achievement of Metro Vancouver's goals, create a market of opportunity and therefore decrease government expenditures.

The Role of the Regional District

The Chamber asserts that a regional district's main function is to provide regional services where, and only where, it is more cost effective than for municipalities to offer such services on their own, or if there is no other organization to provide services for a given region. In that regard, The Chamber believes that regional governments must be held accountable for seeking the most cost-effective and environmentally prudent means of waste disposal and diversion solutions that promote cooperation and competition. Additionally, in the spirit of competition, the Chamber believes that regional or municipal government authority should not extend to the selection of waste diversion or diversion methods other than to license facilities by setting up results-based operating standards to ensure that facilities are working to achieve the goals of the ISWRMP during their operation.

The ISWMP states that the diversion of waste from disposal occurs through open and competitive private sector markets. Additionally, we understand that recycling, as defined under the Environmental Management Act, can occur at any point prior to disposal. In other words, there is no prescribed idea of only source separation, but that many methods of recycling can be used to achieve desired diversion goals.

Chamber members have indicated concern regarding the conflict inherent in the role that Metro Vancouver plays as both the licensing body for the waste management industry, but also as an operating player in the market, drawing revenue from the disposal of waste. Without increased separation of the operational and licensing roles that Metro currently performs in relation to the licensing of solid waste and recycling facilities or a third-party appeal process of Metro decisions, there is an inherent conflict that does not serve the residents and businesses of the region. Instead, there is a great incentive for Metro Vancouver to make licensing decisions based on what will best suit the region's capacity to generate revenue and expand its operations as the owner and/or operator of transfer stations or incinerators. Instead, Metro Vancouver can make more cost-effective decisions based on the best value for its member municipalities by promoting innovation in the private sector that allows for more cost-effective methods of waste diversion and waste disposal.

The Chamber understands that regional government has a role in setting waste diversion targets and operational regulations and following through with enforcement. But the Metro Vancouver region is also in direct competition with the private sector by providing services that can be provided by existing private waste businesses in a more efficient and cost-effective manner than government. Making it easier for

private industry to invest in the waste management system will reduce cost to those businesses that generate waste.

THE CHAMBER RECOMMENDS

That the Provincial Government work with Regional Districts to:

1. Structure or restructure waste management policies in a manner that;
 - a. Reduces the expenditures of the regional government on publicly-owned facilities (if they are in direct competition with private industry);
 - b. promotes innovation and investment by private enterprise; and
2. Collaborate with all members of the Commercial Sector to set waste reduction & diversion goals allowing the achievement of those goals through open market processes;
3. Create policies and regulations that recognize new and future recycling and waste diversion technologies as secondary processing facilities (i.e. MRFs, Recycling Depots, etc.) and not as final disposal facilities (i.e. landfills, incinerators, etc);
4. Reduce, amend, or annul regulation and other systemic factors that support a government monopoly or monopsony of solid waste management; and
5. Directs regional governments to develop regulations in a manner that prevents the creation of government monopolies or monopsonies for solid waste management in the multi-family and industrial, commercial and institutional sector.

ANTI-CANADIAN TARIFF – PRESSING THE PAUSE BUTTON ON BC’S PROPOSED SPECULATION TAX ISSUE (2018)

In its 2018 Budget Presentation the BC Government introduced a proposed new tax entitled “A speculation tax” as one measure among many aimed at addressing the housing crisis in BC. While previous policy efforts in this area have been targeted at the Greater Vancouver area, this Speculation Tax is now suggested to be applied to a number of communities and regions outside the lower mainland.

Business and community leaders across the Central Okanagan, Nanaimo Regional District and elsewhere have raised concerns over the potential unintended consequences of imposing such a tax on those who do not currently pay income tax in the Province of BC but do contribute greater to local economies through investment and the procurement of goods and services.

These leaders are asking the government to step back from implementing the “Speculation Tax”. A full economic impact study is required, and the tax should be scrapped as currently tabled by the Province.

Background

Since the proposed speculation tax was first announced, chambers, trade associations, and economic development officials have been inundated with calls, letters and emails from business leaders in the Okanagan and elsewhere in British Columbia who are extremely concerned about the direct and indirect economic impact of this proposed tax.

They are equally concerned about the total lack of consultation on this proposed tax. Developers have customers who are canceling contracts and/or looking to re-evaluate intended investments. The outcome is less economic activity, less employment, and ironically, less supply for the housing market. The development community cannot see how the proposed speculation tax will help to increase affordable housing in the Okanagan and in fact, they believe it may result in just the opposite. In addition, a recent report from CMHC on Examining Escalating Housing Prices in Canadian Metropolitan Cities attributes approximately 75% of housing appreciation to high demand, higher income levels, and historically low interest rates. The CMHC report, supported by studies performed by the Fraser Institute, also finds that housing supply has not kept up to demand in most cities. The Fraser Institute has performed studies that conclude more housing supply, including faster development approvals by local government and higher density in cities, are needed to target the root cause of housing affordability. A speculation tax will not drive more building to meet demand.

Further, seniors in Alberta and elsewhere who were in the midst of transitioning to the Island and the Okanagan as part of their retirement plans now fear they will face unexpected and substantial taxes. This is “taxation without representation” which makes this a truly anti-Canadian tariff. The uncertainty around this proposed tax is already forcing many to rethink their retirement plans. Surely taking money out of the hands of seniors isn’t the intent of the proposed tax?

Some of these individuals have owned homes locally for fifteen years and longer, paying property taxes to the local government as well as contributing to the local economy through the goods and services they purchase while here. They do not understand why they are the target for this punitive tax.

The mere mention of this proposed tax has already damaged BC's brand in Alberta and that is of concern to many of our members who rely on our neighbours to the east to drive our tourism economy.

A recent report prepared by the City of West Kelowna¹ noted a number of reasons why that community should not be included among those targeted with this tax. Among other things the report noted that the tax will likely not produce the results it is intended to do, making housing more affordable. The report also notes:

1. Questions as to why West Kelowna is included while other similar communities are not;
2. The creation of an unfair and competitive advantage for neighbouring communities not subject to this tax;
3. The risks to supply of affordable and rental housing in West Kelowna; and
4. The clear threat to the City of West Kelowna's economic landscape and its ability to fund community infrastructure.

The same report also notes that the realities of the housing market in the Metro Vancouver and Fraser Valley are significantly different than that of the West Kelowna/Kelowna area.²

Further, based on statistics from the Okanagan Mainland Real Estate Board there is in fact a stronger argument that those relocated from the lower mainland are having a far greater impact on rising house prices than anyone from Alberta or elsewhere in Canada.³

The report from the City of West Kelowna along with similar reports from industry organizations have also made the point that those that will be subject to this punitive tax are unfairly being characterized as speculators.

Given the community's attraction as a vacation destination, many of the City of West Kelowna's non-resident property owners purchased these properties many years or even several generations ago. Such owners are not speculators and contribute to the economy faithfully each year as they return on their vacations. Vacation home owners also pay annual property taxes in West Kelowna.⁴

Because of the very little amount of property held by foreigners (1.8% of market) and a similar low number of out of province investors, the likelihood of either tax actually making housing for the average family more affordable is very remote. It will though, remove tax dollars from the communities targeted by this tax and provide the province additional funds flowing into General Revenue. It is suggested these funds will help the province achieve its promised investment in non-market housing but -while that is a laudable goal, it won't likely make housing more affordable for average working families.

1 Speculation Tax Impacts Report, City of West Kelowna March 2018

2 According to BC Statistics between 2007 and 2017 housing sale prices in the Okanagan Mainline Region rose from \$387,523 to \$497,600. The net increase in housing price is 28.4%, compared to the Fraser Valley, which saw a 65.6% jump, from \$423,761 to \$701,842, and Greater Vancouver, where prices soared 80.7%, from \$570,795 to \$1,031,546. The report further notes that increases in property values in the Okanagan are also distorted by the high value of waterfront properties which obviously there is a finite number of. If you exclude those properties, the typical house price in both West Kelowna and the City of Kelowna is in fact quite different.

3 When including waterfront homes, the average property value is \$634,422. If multi-million dollar properties, many that are non-owner occupied and subject to the Speculation Tax, are excluded, the typical home value in the City of West Kelowna then averages out to only \$515,711

4 Speculation Tax Impacts Report (Page 10), City of West Kelowna, March 2018

It is worth acknowledging that the provincial government based its proposed tax on a policy proposal (B.C. Housing Affordability Fund or “BCHAF”) developed by a group of academics at UBC in Vancouver. However, the proposed tax ignores several criteria or principles of the proposed affordability fund:

- It is not a speculation tax – it is a tax on empty / underutilized homes;
- Communities should decide if they want to participate in a tax;
- All tax collected should stay within the community and be invested in affordable housing in the community or credited to taxpayers in the community to offset cost of living;
- All homeowners who contribute to the economy by paying provincial and federal taxes would receive a FULL reduction in for income taxes they pay;
- Tax could be eliminated if affordability improves;
- Seniors would be fully exempt; and
- The BCHAF was focussed on the lower mainland

It is also important to understand that the underlying principle of the BCHAF is that property taxes in Canada are too low at 0.5% (compared to 2% in the US) and should in fact be higher while income taxes should be lower. While not explicitly stated, the proposal infers that it is then reasonable to ask for a 1.5% contribution to a BCHAF fund and this is tax efficient as it only impacts a small group of owners and taxpayers. The problem with this rationale is that income taxes are not lowered at the same time this increase takes effect, so it is not necessarily reasonable to assume that higher property taxes / BCHAF contributions are reasonable or affordable without considering the entire basket of taxes paid. As noted by the professors, Canada does have higher income tax rates than US counterparts that have these higher property tax rates, so it not apples to apples comparison.

The authors further suggested all funds raised in a specific community should be reinvested in that community. This of course could only be achieved if the revenue from the tax flowed directly back to the local government, something that is contrary to the province’s current direction.

Another problem with this tax is that it is creating an uneven playing field where neighbouring communities not subject to this tax may benefit as buyers looking to purchase a home in a specific region will likely choose the neighbouring community as a cost saving measure, which in turn increases demand for housing in those communities. Lake Country, Coldstream, Summerland, Peachland and Penticton in the Okanagan as an example, have all seen housing prices and growth in population rise at a rate above the province average. The same conditions apply on Vancouver Island where adjacent communities are set to benefit from their neighbour being taxed. Ironically, the increased demand in adjacent communities will likely make housing less affordable in those communities and result in an increase in urban sprawl in smaller communities adjacent to the cities targeted for this tax. It simply does not make sense, nor is it fair, to apply a tax to only a selection of communities in a specific region.

Arguably the same problems of creating an uneven playing field and increasing the cost of housing in neighbouring communities can extend to other regions of the province, even if they are not in close proximity. For example, if a Vancouver resident is contemplating the purchase of a vacation home and is

choosing between 4 different areas in the province, they might choose an entirely different region altogether (i.e. Kootenays rather than the Okanagan) to save the tax. Ultimately, the implementation of this tax in only some areas of the province will be unfair, problematic and likely lead to its implementation everywhere in the province – a decision with serious ramifications for a province that depends on tourism and growth.

Other important observations that have been made by local government officials and developers include:

- If out of province home owners who currently rent their property are subject to this tax they may divest themselves of the property thus reducing the amount of rental units available in that community.
- The implementation of this tax fails to recognize that in a free market environment, the high demand and low supply has prompted many developers to invest in both Kelowna and West Kelowna. This is private investment that is driving a significant amount of housing stock that will increase supply and reduce demand in the next few years. All indications are the private sector will respond if the government refrains from injecting itself into the market.
- If there is a lack of growth because of a dis-incentive speculation tax, some communities that rely on future growth projections to help provide much needed capital for infrastructure could face a crisis. It would leave current taxpayers (British Columbians) in the communities targeted for this speculation tax having to pay a larger portion of needed capital thus seeing a significant jump in their property taxes. If property taxes have to be increased because of a lack of growth, not only will existing home owners be impacted, businesses will also see their property taxes increase thus causing even more harm to the local economy.

Finally, it is also worth responding to a CTV News Insights West survey⁵ which is being touted as a good gauge on the sentiment of the B.C. public related to the Speculation Tax. This question was asked without any context or detail provided in advance as to the significant impact on the economy of penalizing out of province investors. The question was misleading as it asked people what they thought of a tax that was being imposed on “someone else.” The responses are not unexpected but it did little to facilitate well-informed discussions around important fiscal policy.

The report from the City of West Kelowna makes the observation that the question does not accurately reflect the true nature of the proposed tax. Rather than specifying all people, including BC residents who will be negatively impacted by the tax, the question focusses opinion around those who do not pay tax in BC, which skews the results. As shown in this document, the majority of non-resident homeowners in West Kelowna ARE BC TAXPAYERS. Insights West staff indicated that the survey was scientifically accurate and polled mostly lower mainland residents. With no uniform polling conducted across the province, and specifically no proper sampling of the Okanagan, Insights West admitted that the numbers could not be used for the Okanagan area. In addition, the question does not mention that the tax is charged annually; and the question seems to indicate that the tax is applied to non-residents rather than speculators.⁶

⁵ <https://insightswest.com/news/british-columbians-welcome-budget-proposals-on-real-estate/>

⁶ Speculation Tax Impacts Report (Page 20), City of West Kelowna, March 2018

Given the modest number of property holders moving from Alberta, Saskatchewan and Ontario compared to a much larger number from the lower mainland, we would suggest it is those moving from elsewhere in BC that are having far more influence on rising house prices than foreign buyers or those who hail from another part of Canada.

These homeowners from outside BC also contribute a significant amount to the local economies of Nanaimo, Kelowna and West Kelowna. Many of these homeowners spend an average of four to six months in the Okanagan, with monthly trips, and extended summer holidays – that amounts to a lot of groceries, home improvements, recreational spends, fuel purchases, and entertainment. Business owners are concerned about losing this lucrative influx of cash to their businesses.

If the government is truly trying to go after speculators who are negatively influencing the housing market, we suggest an excise tax at the time when the property is sold – if it is “flipped” within a specific time period – as that approach would be more direct and transparent.

THE CHAMBER RECOMMENDS THE BC GOVERNMENT:

1. Eliminate the tax altogether, as ill-conceived, punitive, damaging to business and devised without an economic impact study;
2. Adopts a strategic framework before considering similar tax policy in the future that includes:
 - a. Clarifying through detailed economic data how housing will be made more accessible and affordable as a result of this type of taxation policy;
 - b. Undertaking Economic Impact Studies to determine if the new tax will actually achieve its desired outcome of making housing more affordable;
 - c. Working with the UBCM (Union of BC Municipalities), local government officials, and economic development agencies to examine the situation in the cities currently targeted for the proposed tax to better understand what is impacting housing attainability and more fully explore tax incentives or public policy changes to encourage development of non-market and rental housing;
 - d. Monitoring supply-demand through 2018-2019 to see if the significant amount of housing that is poised to come on the market in the cities targeted for this punitive tax, improves the availability of attainable housing and rental stock; and
 - e. Establishing clear parameters and key performance indicators that will be used as a tool to determine whether such an area specific tax should be implemented so as to ensure it is a temporary measure that will be removed if local indicators/conditions improve.

BC REAL ESTATE AMENDMENTS (2018)

Opening Statement

Due to media, government and public scrutiny of the real estate industry, the Independent Advisory Committee was struck.

Real estate professionals are held to high standards and ethical practices through their industry associations and accreditation bodies. Recent changes to the Real Estate Services Act, to be implemented on June 15, 2018 will create unnecessary challenges to these professionals and the clients they serve. This will also have an especially negative impact to those in smaller outlying communities with limited accredited professionals.

With numerous small offices, in rural communities, these rule changes will develop unworkable conditions for numerous licensed professional REALTORS®. Areas with already limited resources will become further reduced, which directly impacts clients. Further, the knowledge and community understanding will be limited or abolished, further hindering the experience of clients.

Background

On June 28, 2016, the Independent Advisory Group (IAG) published a report with 28 recommendations in the areas of transparency and ethics, compliance and consequences, governance and structure and licensee and public education. The recommendations are intended to improve consumer protection.

On November 15, the Office of the Superintendent of Real Estate (OSRE) announced that changes to real estate practice under the Real Estate Services Act would come into force on March 15, 2018. The changes will ban limited dual agency and require enhanced disclosure procedures and will also require all licensees to complete education relating to the new rules. OSRE's news release.

On February 9, the Office of the Superintendent of Real Estate (OSRE) announced that the forthcoming new rules on dual agency and disclosures will take effect on June 15, 2018, instead of March 15. This followed a campaign from BCREA and member boards where more than 4,000 REALTORS® wrote to their MLAs to ask for an extended implementation period on the OSRE's website.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Support the proposed harsher penalties and disciplines as outlined by the OSRE for unethical practices and develop evidence-based research showing how Limited Dual Agency will not impact small and rural REALTORS®;
2. Postpone the June 15, 2018 implementation for new rules with respect to Limited Dual Agency until the aforementioned research has been developed and vetted; and
3. Provide a six-month review period during which time a committee consisting of persons with real estate experience and expertise can provide government with a full assessment of the impacts proposed, as well as consider varied solutions.

FOCUSING ON COMPETITIVENESS IN TAXATION POLICY (2018)

In the years since the financial crisis of 2007-08, the BC economy has thrived. A combination of factors, including high living standards, open migration policies, and a strategy of encouraging high-growth industries to the province has helped drive this performance. Not to be neglected in this mix is the role played by tax policy. For the past decade, BC has largely maintained a competitive tax policy attractive both to businesses and to the workers they seek to attract. However, recent developments have given grounds for concern that a series of decisions is eroding the province's tax competitiveness.

The 2018 Budget demonstrated the extra burden being placed on BC businesses in coming years, with \$2 billion in new charges as healthcare funding costs are shifted to employers, the loss of revenue neutrality (and increase) of the Carbon Tax and increases to the corporate tax rate. The recent good health of BC business has evidently made it an attractive target for politicians seeking to raise revenues, but with other Canadian provinces, as well as the U.S., trying hard to woo business to relocate or expand there, its continued prosperity cannot be taken for granted. New tax burdens for business will have a negative effect on growth and investment. BC businesses are strong, but they are not invulnerable. Should the investment climate deteriorate, hiring, productivity and growth are likely to suffer.

The provincial government evidently recognizes these problems in principle. The Chamber recognizes that the provincial government has made significant strides in improving BC's tax competitiveness, both at the personal and the corporate level. For the 2017 tax year, excepting Nunavut, BC has the lowest effective level of personal tax for individuals earning between \$50,000 and \$120,000. The decision to reduce electricity rates for some types of business shows an awareness of the impact of unavoidable costs on international competitiveness. The package of tax incentives announced in March 2018 for liquefied natural gas (LNG) exporters emphasizes the role of tax in that industry's international competitiveness. Yet with other, more established sectors facing similar challenges from international competitors, far greater attention also needs to be paid to the tax burden they face, and whether current arrangements jeopardize their prospects.

Changes to BC tax policy over the recent years have been characterized by piecemeal policies, targeting specific sectors and specific types of corporate and personal behavior, providing an ever-increasing array of incentives for activities backed by the government. One of the consequences of this has been an increasing complexity of the BC and federal tax laws, alongside ever more elaborate interactions between the effects of different rewards and penalties, eroding signals sent by those targeted incentives while increasing the compliance burden for businesses and individuals. In recent budgets, at both the provincial and federal level, we have seen a significant increase in targeted tax measures. While long a feature of tax policy, there has been a substantial increase in the range of these credits. The Chamber recognizes that there are situations where designated tax measures provide a valuable addition to governments' ability to shape behavior.

The BC Chamber has been on record as supporting credits for very specific areas where new investments need to be incentivized – for example the BC Chamber has advocated for credits to encourage additional training to incentivize investment in key areas. However, the increase in scope of these taxes has not been driven by positive economic outcomes but have been driven by a new tendency to reward or encourage certain types of individual behaviors. We now have credits targeting a range of economic activity, home renovation, children and adult fitness tax credits and child arts credit. There is no doubt

that tax credits do represent a reduction in the cost to the user of programs that are beneficial to the economy, community and to the individual. The question is the extent to which these credits encourage additional activity in these areas or whether they simply reward activity that would have occurred if no credit was in place.

Increasingly our members tell us that this is leading to an affordability crisis in BC. While the drivers of this issue are varied and complex there is a strong sense in the public that government taxes, fees and charges are a key (of in some cases the sole reason) for these issues. Businesses are increasingly feeling that they are 'taxed to the limit' and that government, both provincial and federal, has sufficient revenue streams and it is simply a case of managing revenue more appropriately.

Credit ratings measure a borrower's ability to pay interest and to repay principal. British Columbia has Aaa ratings, making it one of the strongest rated Canadian provinces. This is a reflection of its presently strong balance sheet and the depth and diversity of its economy and business community. However, the province's budgeting decisions need to be made not just on the basis of current economic conditions, but also factor in risks and ensure that reserves are adequate to withstand less prosperous periods. In the event of a recession, let alone a shock as large as the 2009 financial crisis, it is not clear that current spending commitments could be matched by commensurate revenues. We, therefore, caution the province to avoid making spending commitments that can only be paid for when the economy is at its healthiest because, while it is good to make the most of those periods, they do not last forever.

This is a worrying trend when we consider some of the decisions facing governments soon. In addition to recent challenges with balanced budgets, governments face a demographic challenge that will fundamentally undermine their ability to provide the same level of public service as our population grows and, more importantly, ages. This will be a particularly acute challenge for BC.

Other comparable countries have faced similar issues. In the last decade Australia (twice)⁷, the UK⁸ and New Zealand⁹ have carried out comprehensive taxation reviews. Though follow up activity in each of these places has been at best patchy, the reviews themselves provided an invaluable understanding of the composition, interactions and effects of those countries' tax policies. An equivalent study, looking at the aggregate effects of individual taxes, and the ways they interact and either support or contradict each other, in BC would be the essential starting point for a wider debate about the future direction of the province's tax structure. This should consider interactions between Provincial, Federal and local taxes. The Chamber recognizes that several organizations, including Municipal, Provincial and Federal Governments, along with research organizations such as the Fraser Institute, C.D. Howe Institute, and KPMG conduct extensive tax research and regularly publish tax comparisons. Yet, there is no single source compiled in a user-friendly format with which to easily compare the overall tax burden by municipality across British Columbia, or indeed across the country.

There would be exceptional value in understanding the tax burden on the taxpayer (Overall Tax Burden). If the overall tax burden were understood, the effectiveness of tax measures and programs could be measured by changes in the overall tax burden.

7 <http://taxreview.treasury.gov.au>; <http://bettertax.gov.au/>

8 <https://www.ifs.org.uk/publications/mirrleesreview/>

9 <https://www.victoria.ac.nz/sacl/centres-and-institutes/cagtr/twg/report>

Portions of the overall tax burden are quite easily measured. Though at varied rates, Municipal, Provincial and Federal taxes are readily available on a yearly basis. Other taxes, such as consumer taxes are not as easily measured in absolute dollar value, though one can get a sense of their relativity through comparing the Consumer Price Index (CPI). The CPI provides a comparative indication of the cost of living across Canada by jurisdiction in extensive detail.

With this foundation of information, government needs to begin a dialogue with the public on the key questions we need to address to regain the public's confidence and to set the stage for tough decisions to come.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Fully commit to making British Columbia a competitive place to invest in order to secure its economic future;
2. Support tax measures and budgetary decisions which will maintain the province's Aaa credit ratings;
3. Conduct a comprehensive review of all taxes in the province, creating a single-source resource for comparing tax burdens by municipality across British Columbia; and
4. Commit to a subsequent provincial dialogue on tax in BC to determine what is the appropriate mix and type of taxes, fees and levies needed to pay for governments programs and services.

GOVERNMENT RELIANCE ON THE PROCEEDS OF THE CARBON TAX (2018)

Summary

The BC Chamber of Commerce has been a proponent of revenue neutrality on any carbon tax since its implementation. In 2015, we noted that program spending with carbon tax revenues was starting to erode the neutrality of the carbon tax. However, in 2017, the provincial government abandoned principles of neutrality for the tax, with the carbon tax becoming a simple revenue generator for the Province of British Columbia. The fact that carbon pollution will lead to increased revenues for government, with these funds utilized for non-related programs and resources, is problematic as it will create dependency by government on these revenues, defeating the ultimate purpose of the carbon tax, which was to reduce carbon emissions.

Business Case

The carbon tax is quickly becoming a significant expenditure for Canadian businesses, with costs embedded throughout the entire economy. Unfortunately, these taxes are passed on to consumers, increasing the cost of living for all individuals.

Disparity between implementation methods of various provinces as well as an increasingly competitive North American economy are posing challenges for businesses to remain competitive. An increasing tax

that no longer adheres to principles of revenue neutrality further erodes the competitive position of businesses and puts our economy at risk.

Background

Most provincial governments have historically presented the carbon tax as revenue neutral, with rebates intended to offset the various costs. However, while the federal government has mandated the implementation of carbon tax by each province with specific benchmarks, no requirements have been laid out for revenue neutrality.

In British Columbia, since the carbon tax was introduced, the tax measures moved from broad-based personal and corporate tax cuts to a range of niche, targeted tax credits. This began to undermine the effectiveness of the carbon tax as a tax shift measure and reduced the impact that British Columbians should have seen in terms of reduced tax burden. In 2017, the provincial government took this one step further by eliminating the tenets of revenue neutrality, creating a scenario where government is and will become increasingly reliant on proceeds of pollution to fund operational costs.

While we have fundamental concerns regarding the ability of a carbon tax to reduce emissions and create a cleaner environment, we strongly maintain that the implementation of any carbon tax should not create a situation where the government is dependant on ongoing pollution to provide general revenue.

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments:

1. Require revenue neutrality in the collection and distribution of carbon taxes; and
2. Provide clarity around the processes of offsetting the cost of pollution in an effort to encourage a competitive business environment and a strong economy.

MINIMIZING UNDUE NEGATIVE IMPACTS OF THE EMPLOYER HEALTH TAX (2018)

In BC Budget 2018, presented on February 20th, the provincial government announced the introduction of an “Employer Health Tax” which will require organizations with payrolls of over \$500,000 per year to pay a new payroll tax ranging from 0.98% to 1.95% to fund the removal of Medical Services Plan (MSP) premiums. Once fully implemented in 2019, this tax will cost businesses across BC \$1.85 billion dollars.

This new payroll tax will be an undue burden on many small businesses and not-for-profit organizations who will be faced with a significant new labour cost for which they were not prepared and had not planned. In general, payroll taxes are not an ideal way of raising revenue, as they function as regressive taxes, with no regard for a business’s profitability or ability to pay. For some small businesses or small non-profit organizations with narrow margins, the additional thousands in costs this payroll tax will impose will cause undue hardship and negative impacts which should be avoided.

In addition, the proposed employer health tax deviates from current payroll tax practice, as it places the full tax obligation on the employer. Current payroll taxes in BC, such as Canada Pension Plan and

Employment Insurance, see employees contribute a portion of the tax through payroll deductions while the employer makes an additional contribution. This fairly distributes the responsibility of paying for these social programs between both parties. Uniquely, the proposed employer health tax removes the employee from the process, putting the entire burden of paying for the employee’s health care tax obligations on the employer.

The 2019 Double Dip

In imposing the employer health tax, the provincial government went against the preliminary advice of the MSP Task Force it struck in 2017. That task force suggested, in its February 1, 2018 interim report, that the “MSP be eliminated as at a specific date and that the new revenue measures take effect fully at the same time.” (emphasis added).

Budget 2018 states that the new employer health tax will take effect on January 1, 2019 but the MSP will not be eliminated until January 1, 2020. This overlap creates the potential for some businesses and non-profits to be hit with double taxation as many organizations pay MSP premiums on behalf of their employees. A business or non-profit organization paying MSP premiums on behalf of their employees and which has a payroll of \$500,000 will also be charged the employer health tax in 2019 --- paying twice to fund the same health program.

The employer health tax should therefore either be changed to apply in 2020 when MSP premiums are removed, or there should be a process established to allow employers which pay the premium on behalf of their employees to apply for an exemption from or reduction in their employer health tax obligation.

Exemption Thresholds

The new employer health tax is applied once an organization’s annual payroll surpasses \$500,000 and the tax rate increases in steps from 0.98% up to a maximum of 1.95% on payrolls of \$1.5 million or more.

Table 2.2 Employer Health Tax Effective January 1, 2019

Annual BC Payroll	Annual Tax	Tax as a Per Cent of Payroll
\$500,000 or less	\$0	0.00%
\$750,000	\$7,313	0.98%
\$1,000,000	\$14,625	1.46%
\$1,250,000	\$21,938	1.76%
\$1,500,000	\$29,250	1.95%
Over \$1,500,000	\$29,250 plus 1.95% of payroll over \$1.5 million	1.95%

1. Province of British Columbia, “Budget 2018 - Working For You”

While Budget 2018 says the \$500,000 threshold is meant to “protect small businesses,” the level is so low it only covers organizations with up to nine employees (based on the median income in BC of \$53,000). Few would define a company with 10 or 11 employees as a ‘big business’ and this low threshold means tens of thousands of small businesses and small non-profit organizations will have to pay this new tax.

In some provinces with similar health payroll taxes, the thresholds and exemptions have been made large enough to prevent undue negative impacts on small organizations. For example, Manitoba provides a \$1.25 million payroll threshold before its Health and Post-Secondary Education Tax Levy is levied, and Newfoundland and Labrador had a threshold of \$1.2 million dollars before its similar payroll tax is applied. BC’s new employer health tax will apply to thousands of small businesses and small non-profit organizations, many of which may not have the capacity to pay this unforeseen expense. The payroll

threshold should be, therefore, increased to allow for more small businesses and small non-profit organizations to be protected.

In addition, the tax rates should be made to operate in a progressive or marginal fashion, like income tax. The examples provided in Budget 2018 (see table above) suggest that if a business's payroll crosses a threshold, the tax will be applicable to the full payroll, not just the incremental amount above the cut-off. This creates a disincentive for businesses to hire workers or raise wages as growing a payroll past a threshold may trigger higher taxation on the whole amount, not just the incremental increase. The amount of the base payroll exemption—currently \$500,000—should be tax exempt regardless of how large the overall payroll actually is, and the higher tax rates should only be applicable to the marginal amounts of payroll above a threshold, not the entire sum.

Indexing to Maintain Relevance

One of the shortcomings of thresholds in general in public policy is that the amounts are often not adequately increased over time, or not indexed to inflation. BC's new employer health tax should avoid this by ensuring the payroll thresholds are indexed to inflation based on the consumer price index (CPI). Indexing the thresholds will prevent a scenario where, over time, the exemptions become less meaningful as the amounts are no longer relevant. For example, a \$500,000 threshold implemented 10 years ago would now be approaching \$590,000 if indexed to the CPI. In addition, indexing the thresholds to inflation would allow businesses to offer at least "cost-of-living" increases to wages and salaries without the risk of inadvertently raising their payroll above an exemption cut-off.

THE CHAMBER RECOMMENDS

That the Provincial Government adjust the Employer Health Tax to avoid undue negative impacts by:

1. Eliminating the proposed "Employer Health Tax;" or
2. Continue with the implementation of the proposed "Employer Health Tax" to avoid undue negative impacts by:
 - a. Postponing the date of implementation of the Employer Health Tax to 2020 so it coincides with the removal of MSP premiums; or establish a process to allow businesses and non-profit organizations which pay MSP premiums on behalf of their employees to apply for an exemption or reduction in their employer health tax obligations;
 - b. Increasing the base payroll exemption threshold from \$500,000 to at least \$1 million to allow for truer small businesses and small non-profit organizations to be exempted from the tax;
 - c. Ensuring the Employer Health Tax rates are applied marginally, so that the amount of the base payroll exemption (at least \$1 million is proposed) is exempt regardless of the total size of the overall payroll, and that as each threshold is passed the higher tax rate is applied only to the incremental amount above the cut-off;
 - d. Indexing the payroll exemption thresholds to inflation by linking annual increases in the thresholds to the Consumer Price Index; and

- e. The payroll health tax excludes employer RSP matching and pension contributions, profit sharing programs, and health benefits programs in the calculation of total payroll.
3. Not proceed with this tax until the MSP task force has completed and presented their final report.

PROPERTY TRANSFER TAX REFORM – ADDRESSING BC’S HOUSING AFFORDABILITY CHALLENGE (2018)

According to the Canadian B.C. Real Estate Association report¹⁰ the average property price in B.C. was \$726,803 in March of 2018.¹¹ with a forecast of a 2.8% increase¹².

B.C. has the highest tax rate in Canada with a tax value at \$12,536.06 on the average purchase price. While the PTT used to only affect the “elite,” with the rise in average housing costs it now affects everyone.

While there is exception of this tax for first-time home buyers up to a value of \$500,000, there is still no incentive for investors that would like to invest in real estate with intent to lease the property. The B.C. Chamber of Commerce currently only has one active policy related specifically to Property Transfer Tax: 2017, entitled “Closing the gap between non-residential and residential property taxes.” This outlines that the PPT is a blend of taxes where some autonomy has been given regionally and municipally for them to ascertain what taxes apply to what types of land use, i.e. commercial, retail, residential, agricultural, etc.

In light of the apparent growing inflation of residential property prices and the shortage of housing affecting various areas of society, including many policies under the “Healthy Communities” category as well as the “Regulation and Management of Short term rentals” policy under the “Public Finance and Taxation” category, we ask to reinstate the “PROPERTY TRANSFER TAX REFORM - ADDRESSING B.C.’S HOUSING AFFORDABILITY CHALLENGE (2015)” with updated housing price and tax percentage statistics and reference materials.

The Chamber has been on record for some time advocating that affordable, market-based housing for families is a major factor in creating attractive, liveable and competitive communities. Affordable housing is important to the business community both as an economic driver in its own right, and also as a competitive advantage in the search for a skilled workforce and community growth.

Business must remain competitive and the cost of housing is a major source of wage pressure. Any additional wage costs are passed on to consumers and increased consumer costs will only encourage buyers to search alternatives (cross border shopping, etc.).

The Chamber recognizes that the purchase price of a house is a market function that will find a natural balance if left unimpeded. However, government at every level has been distorting this market by consistently imposing unnecessary costs and restrictions on the market. This has led to increased pressure on costs and therefore, prices. This is exacerbating the housing affordability crisis that is impacting communities across B.C.

¹⁰ <http://www.bcrea.bc.ca/docs/economics-forecasts-and-presentations/housingforecast.pdf>

¹¹ <https://www.crea.ca/housing-market-stats/national-price-map/>

¹² <http://www.bcrea.bc.ca/docs/economics-forecasts-and-presentations/mortgagerateforecast.pdf>

A critical contributor to this issue is the Property Transfer Tax (PTT), which affects the affordability of housing throughout the province of BC. BC continues to have the highest prices across Canada and has seen increases of 16% since 2012, while the national average increased 13%. The PTT is often repeated and continually imbedded in the ultimate cost passed on to consumers. The Chamber believes that the majority of this tax burden, which was originally intended to impact only the elite now affects virtually everyone who purchases a home. As such, the original “luxury tax” is now burdening the working class.

B.C. residents are enduring the highest cost of housing in Canada, with prices 33% higher than the national average. This high cost of housing places a burden on economic stability and creates a barrier to attracting and retaining skilled workers to certain sectors and regions.

The Chamber believes that reduction and eventual elimination of the property transfer tax creates a positive impact on the business community and the province via:

- Improving the affordability of housing for residents;
- Creating attractive, liveable, and competitive cities;
- Retaining residents in BC to fill skilled jobs;
- Attracting skilled workers to BC to fill specific vacancies;
- Generating additional economic contributions in communities, as each property transaction generates on average \$42,000 in expenditures in local communities; and
- Driving job creation, as the sale and purchase of homes has a positive impact on direct and indirect jobs.

Canadian Provinces: Average House Prices, April 2018

Province	Average House Price
British Columbia	\$ 726,803
Ontario	\$ 576,950
Alberta	\$ 392,493
Saskatchewan	\$ 281,645
Newfoundland/Labrador	\$ 248,897
Quebec	\$ 295,598
Manitoba	\$ 293,149
Nova Scotia	\$ 233,515
New Brunswick	\$ 164,527
Prince Edward Island	\$ 210,719
Canadian Average	\$ 491,065

Source: *The Canadian Real Estate Association*

Current Property Tax Model

Currently, the transfer tax is charged at 1% of the value of property up to \$200,000 and 2% on the remainder of the value. This results in \$12,536 of tax on the average house price of \$762,803.

First time home buyers (FTHB) who are BC Residents can be eligible for an exemption or refund of the tax if the value is less than \$500,000 if registered after Feb 22, 2017. This limit was recently increased by the Provincial Government and shows positive signs of commitment to property tax reform and the introduction of mechanisms to attract home buyers to B.C.

Proposed Revisions to Property Transfer Tax

The Property Transfer Tax is a significant source of income for the province of British Columbia. The 2017-2018 Provincial Updated Financial forecasted a PTT generation was \$1.542 million per year.¹³ The 2015/2016 forecast predicted a decline of 16.8% due to the B.C. Housing indicators which was not the way the market played out as the actual tax realization was close to if not in excess of \$1 billion. As such, we realize that any adjustments to eliminate the Property Transfer Tax need to be managed in a fiscally responsible way to avoid offsetting increases in income taxes or cuts to essential services.

Similarly, the low personal tax rates and strong public services are equally attractive factors for B.C. Therefore, any proposals to reduce taxes must have compensating measures to maintain a balanced budget.

We recommend that the B.C. Government initially increase the threshold to a level consistent with the original intention of taxing luxury items, i.e. to a value consistent with actual prices in B.C., being \$600,000 for B.C. Residents who are purchasing a primary residence. The threshold of \$600,000 and \$500,000 for first time home buyers exemptions, should continually be increased in line with the changes in home prices to reflect the current economics.

Over the longer term, we recommend further reducing the rates of tax with the intention of eventual elimination.

The Primary Residence Grant

In addition to amending the thresholds the Chamber also believes that further reform should address the issue of affordability. Indeed, property transfer tax reform would be considerably advanced through an initiative that would offer qualified purchasers a Primary Residence Grant. Currently Property Transfer Tax is calculated at 1% on the first \$200,000 of property value and 2% on the remainder. Increasing that threshold would go a long way to make the purchase of a Primary Residence more affordable.

Primary Residence Grant qualifications would be similar to those for First Time Home Buyers, requiring applicants to be Canadian citizens or permanent residents and would be available to purchasers moving to British Columbia from other areas of Canada increasing the appeal of relocating to British Columbia.

The existing PTT formula, 1% on the first \$200,000 and 2% on the remaining purchase price of properties not intended to be the primary residence, would remain as is.

The current Property Transfer Tax Return would only require an additional declaration, similar to the First Time Homebuyers declaration, to determine the intended use of the property and the qualification of the purchaser.

¹³ http://bcbudget.gov.bc.ca/2017/bfp/2017_Budget_and_Fiscal_Plan.pdf

No Tax Barrier Investment Haven

According to statistics as cited in a Report from Landcor Data Group¹⁴, foreign ownership in large, international cities is happening around the world.

At the end of 2013, Britain introduced a ‘stamp of duty’ of up to 15 per cent on purchases of more than 2 million pounds by foreign buyers made through corporations. In 2019, Britain will introduce new capital gains taxes on property owned by foreign property investors.¹⁵ Other cities such as Paris and New York already impose similar capital gains taxes that relate to an owner’s residency status.

Since 2012, Hong Kong has required foreign investors and companies to pay a special 15 per cent tax also referred to as a ‘stamp duty’. In fact, most countries tax foreign ownership in some way.¹⁶ In Canada, the province of Prince Edward Island has special purchase rules and restrictions in place to prevent Americans from buying up beach front property.

In Canada, many provinces have restrictions on foreign ownership. Alberta limits non-residents to owning no more than two plots of land, not exceeding a total of 20 acres. In Saskatchewan, non-residents may not own land over ten acres. Prince Edward Island charges non-resident owners higher property taxes and non-resident buyers must apply to purchase land over five acres or land with shore frontage over 165 feet.

British Columbia, especially the city of Vancouver, has evolved into a world-class destination that now demands a world-class taxation formula. Increasing the Property Transfer Tax rate for foreign purchasers should be designed to replace any revenue lost due to the reduction for primary residence.

In order to offset the lost revenues, we recommend that higher levels of property transfer tax remain foreign investors (non-BC residents). The rates will have to work on contrasting scales, depending on the relative number of buyers and average prices, to manage overall revenue declines to minimize negative impacts on the overall provincial budget.

In Canada, many provinces have restrictions on foreign ownership, therefore such a policy would not create a significant competitive disadvantage. In contrast to the old tax structure, which puts a heavy burden on homebuyers who invest in their communities and in effect slows down the growth of the economy, the new structure would help attract families to purchase homes in BC, create new jobs, fill job vacancies and generally expand the economic pie of the whole province.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Seek revenue neutrality, and not green-light continuous increases to housing taxation;

14 http://www.landcor.com/market/reports/Q1_2011_Residential_Sales_Summary_Final.pdf

15 <http://www.bcrea.bc.ca/docs/economics-forecasts-and-presentations/housingforecast.pdf>

16 <https://www.livingin-canada.com/house-prices-canada.html>

2. Increase the 1% PTT threshold from \$200,000 to \$600,000 (being closer to the current average market value), with 2% applying to the remainder of the fair market value;
3. Continually index the 1% PTT threshold and the First Time Home Buyers Exemptions using Statistics Canada's New Housing Price, and make adjustments annually to account for inflation;
4. Continue to monitor the threshold for the First Time Home Buyers exemption;
5. Introduce mechanisms to eliminate double taxation when properties are transferred between common owners;
6. Amend the current Property Transfer Tax Act to provide for a new Primary Residence Grant at 1% on the first \$1 million and 2% on the remainder; and
7. Introduce a new Property Transfer Tax rate of a minimum of 2% of the property purchase price for all residential property in British Columbia bought by non-residents of Canada or corporations controlled by non-residents.

PROTECTING FUNDING FOR TOURISM MARKETING PROGRAMS AND PROJECTS (2018)

Introduction

In its presentation of Budget 2018, the provincial government announced its intention to amend the Provincial Sales Tax Act so that municipalities, regional districts and eligible entities, such as tourism-focused non-profits that receive revenues from the Municipal and Regional District Tax (MRDT) will also be allowed to use revenues to fund affordable housing initiatives. This change has the potential to greatly impact the continued success and future growth of the tourism sector.

Background

The MRDT¹⁷ was introduced in 1987 to provide funding for local tourism marketing, programs and projects. The tax is intended to help grow BC revenues, visitation and jobs, and amplify BC's tourism marketing efforts in an increasingly competitive marketplace.

The MRDT is up to three percent tax applied to sales of short-term accommodation provided in participating areas of British Columbia on behalf of municipalities, regional districts and eligible entities. It is jointly administered by the Ministry of Finance, the Ministry of Tourism, Arts & Culture and Destination British Columbia. To promote a coordinated and efficient use of funds, the following enhanced MRDT program principles have been adopted:

- Effective tourism marketing, programs and projects;
- Effective local-level stakeholder support and inter-community collaboration;

¹⁷ <https://www2.gov.bc.ca/assets/gov/taxes/sales-taxes/publications/pst-120-accommodation.pdf>

- Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics; and
- Fiscal prudence and accountability.

British Columbia's vibrant tourism industry has proven its potential to secure a growing share of the global tourism market. However, in order to make good on the promise of the industry, Destination BC and its network of regional and community-based organizations must continue to generate demand through competitive marketing. They can best achieve industry growth by operating in an environment of predictable and performance-based funding.

The tourism industry is a critically significant player in the provincial economy, with a proven capacity to grow. According to the Tourism Industry Association of BC (TIABC)¹⁸ BC's visitor economy generates close to \$17 billion in revenues, GDP value of \$7.9 billion and is made up of some 19,000 businesses that employ 290,000 people (of which 133,000+ service visitors).

Tourism is an industry that weathers external shocks and capitalizes on positive stimulus, adding value, revenue, and jobs to the province. Key industry measures for 2016 show increases in virtually all major categories:

- International overnight visitors to BC = 5,532,065 (+12.3%);
- BC Ferries passenger volume = 20.6 million (+3.0%);
- YVR passenger volume = 22.3 million (+9.7%);
- Hotel room occupancy = +2.2%; and
- Average daily room rate = +6.6%.

In the BC Chamber of Commerce *2016-2017 Collective Perspective Survey Report*, 88% of businesses surveyed identified "Tourism" as the leading sector to become more important to the BC economy in the next 5 - 10 years.

Included in Budget 2018 is a provision to amend the Provincial Sales Tax Act and regulations to enable online accommodation platforms to register as collectors, and to collect and remit provincial sales tax and the MRDT on accommodation. Online accommodation platforms are online marketplaces that enable or facilitate transactions between buyers and those who provide short-term accommodation in B.C.

It is important to note that MRDT is a legislated taxation instrument and is collected from customers of the commercial accommodation sector. This is agreed to through the mandated five-year plan that is voted on by the respective community's accommodation sector and approved by city council. Where programs can often run into trouble is the competition for resources between industry interests (typically

¹⁸ [https://www.destinationbc.ca/getattachment/Research/Industry-Performance/Value-of-Tourism/Value-of-Tourism-in-British-Columbia-A-Snapsho-\(2\)/Value-of-Tourism-2016-Snapshot_FINAL.pdf.aspx](https://www.destinationbc.ca/getattachment/Research/Industry-Performance/Value-of-Tourism/Value-of-Tourism-in-British-Columbia-A-Snapsho-(2)/Value-of-Tourism-2016-Snapshot_FINAL.pdf.aspx)

focused on driving demand through promotion) and local government interests that may, from time to time, want access to some or all of the revenue for other "tourist programs". These "tourist programs" often amount to infrastructure/capital projects that may directly or indirectly benefit the tourism sector. Although important, infrastructure projects should be funded outside of MRDT. MRDT represents the tourism sector's reinvestment in itself.

The proposed changes in Budget 2018 to the use of the MRDT to fund affordable housing initiatives has the potential to divert funding, which has demonstrated the ability to build and support this important economic sector, to uses for which it was not intended or planned.

While the Chamber recognizes the Province's mandate to address the issue of affordable housing, we feel that funding mechanisms more specific to housing needs must be identified and that re-direction of the MRDT for this purpose will erode its effectiveness. To do so, this would create a new indirect taxation. The need for affordable housing is a much broader community issue and the onus for funding should not fall on one economic sector alone.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Eliminate any use of the MRDT other than for the intended purpose of tourism marketing, programs, and projects; and
2. Work with sector stakeholders to identify a process for a separate housing funding mechanism that would not displace existing tourism funding in jurisdictions where there is an identified need, a detailed plan and broad support from local industry partners.

REBATE PST ON PRODUCTION INPUTS (2018)

Until such a time as the provincial government institutes a Value Added Tax (VAT), manufacturers are paying the Provincial Sales Tax (PST) on a variety of inputs required for the creation of a product. Most provinces do not do this, and as a result, there is a competitive imbalance for BC's manufacturers. To address the imbalance, a rebate for the PST on inputs is required, specifically for machinery, equipment and technology.

Background

For each product that is created, the manufacturer or producer purchases many items: raw materials, machinery and tools, small and large or heavy equipment, the technology to produce the item, and more. A business invests in new machinery, equipment and technology to improve its productivity, which, in turn attracts further investment. This cycle of improvement and growth creates employment and supports the local and provincial economy.

However, BC's PST, according to a Canadian Manufacturers and Exporters (CME October 2017) report,¹⁹ compromises BC manufacturers' competitiveness and is a major factor for the underinvestment in machinery, equipment and technology.

In BC, with some exceptions,²⁰ the PST is imposed on machines, equipment, materials, and other inputs – on average 81% of these purchases are taxable compared to only 7% under the Goods & Services Tax (GST) (CME, p.3). This adds approximately 5.5% to the costs of new equipment.

According to the CME, BC is one of only three provinces that levy a PST. All other provinces have HST, except Alberta does not have a provincial sales tax and Quebec's sales tax is a VAT. For VATs, the value added at each stage of production is what is taxed; meaning tax is only paid on the gross margin of each transaction "since sellers are able to deduct the previous paid tax if the buyer is not the end consumer" (CME, p.8). The HST exempts capital inputs. In BC, all but a few exceptions are taxed and cannot be rebated.

The BC Commission on Tax Competitiveness²¹ likewise finds PST to be inhibiting investment. As the Commission concluded, "Because of the PST, an investment in machinery and equipment in BC has to earn a rate of return that is 1.1 percentage points higher than in Alberta in order to provide an investor with the same after-tax rate of return" (B.C. Commission, p.3). According to the Commission, the PST on machinery and equipment is about \$640 million in provincial revenue but is a serious disincentive to grow a producer through continued investment in machinery and technology.

Until such a time as a fulsome conversion of the PST to a VAT, it would be in the best interests of the BC government to consider how the PST is inhibiting economic competitiveness and at minimum, develop a rebate for machinery, equipment and technology.

THE CHAMBER RECOMMENDS

That the Provincial Government, until there is a VAT, exempt production machinery, equipment and technology from the Provincial Sales Tax.

19 CME: The Impact of the Provincial Sales Tax (PST) on BC's Business Competitiveness, October 2017 bc.cme-mec.ca/download.php?file=j9hgx5lx.pdf

20 <https://www2.gov.bc.ca/assets/gov/taxes/sales-taxes/publications/pst-110-production-machinery-equipment-exemption.pdf>

21 Commission on Tax Competitiveness Report, November 2016 <https://engage.gov.bc.ca/govtogetherbc/impact/commission-on-tax-competitiveness-results/>

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COMPREHENSIVE REVIEW OF FUNDING STRATEGIES FOR RURAL AND REMOTE MUNICIPALITIES (2018)

Opening Statement

The primary source of funds to support the operations, maintenance and modernization of municipal infrastructure, amenities and services is a property tax system that pre-dates the digital, service-based economy of today.

The property tax system no longer meets the needs of rural and remote communities, nor does it reflect the modern-day economy. The modern economy is increasingly based on services, technology and utilities that are located outside the jurisdiction of rural and remote communities, but operates within, often with little to no land and property presence. Most traditional industrial and commercial taxpayers of the traditional economy have disappeared from rural and remote communities.

Yet, rural communities and rural economy remains vital to the economic and social health of the province and Canada. In general, rural and remote communities are experiencing declines in permanent populations, workers are increasingly fly-in and fly-out, professional services are provided from away and large vital projects provide fewer onsite jobs. Often projects are outside municipal boundaries leaving fewer resources to maintain expected community amenities.

As the new, modern economy grows and senior government revenues increase, while revenues in remote and rural communities decline.

To sustain these vital communities and encourage families and small business to come to and remain in these vital rural and remote communities, reliable and predictable transfers of revenues from the senior levels of government must be developed.

Background

- The traditional economy saw sawmills, fish processing plants, pulp mills, dozens of professional offices, BC Tel, BC Hydro, large retailers, etc., within the boundaries of most rural and remote communities. Today, this is not the case;
- A modern economy based on highways, railroads, pipelines, utility corridors, the internet and global trade operates in all communities, but do not contribute through property taxes to most rural and remote communities;
- Investment, even large investment, in rural and remote areas is not leading to population growth in rural and remote communities;
- Increasingly, professional and industrial services are provided in rural and remote areas by professionals who live away and through offices located in larger centres – supporting the municipality that hosts the business not necessarily the community in which the service is delivered and consumed;
- Dwindling residential populations and small commercial businesses are left with the daunting task of providing the funding necessary to keep rural municipalities going. All this while the economy grows and senior levels of government benefit financially from a growing suite of sales and corporate taxes, royalties and other fees generated from business activity executed in communities where few industrial or large scale commercial property taxes are being paid to remote and rural municipalities; and

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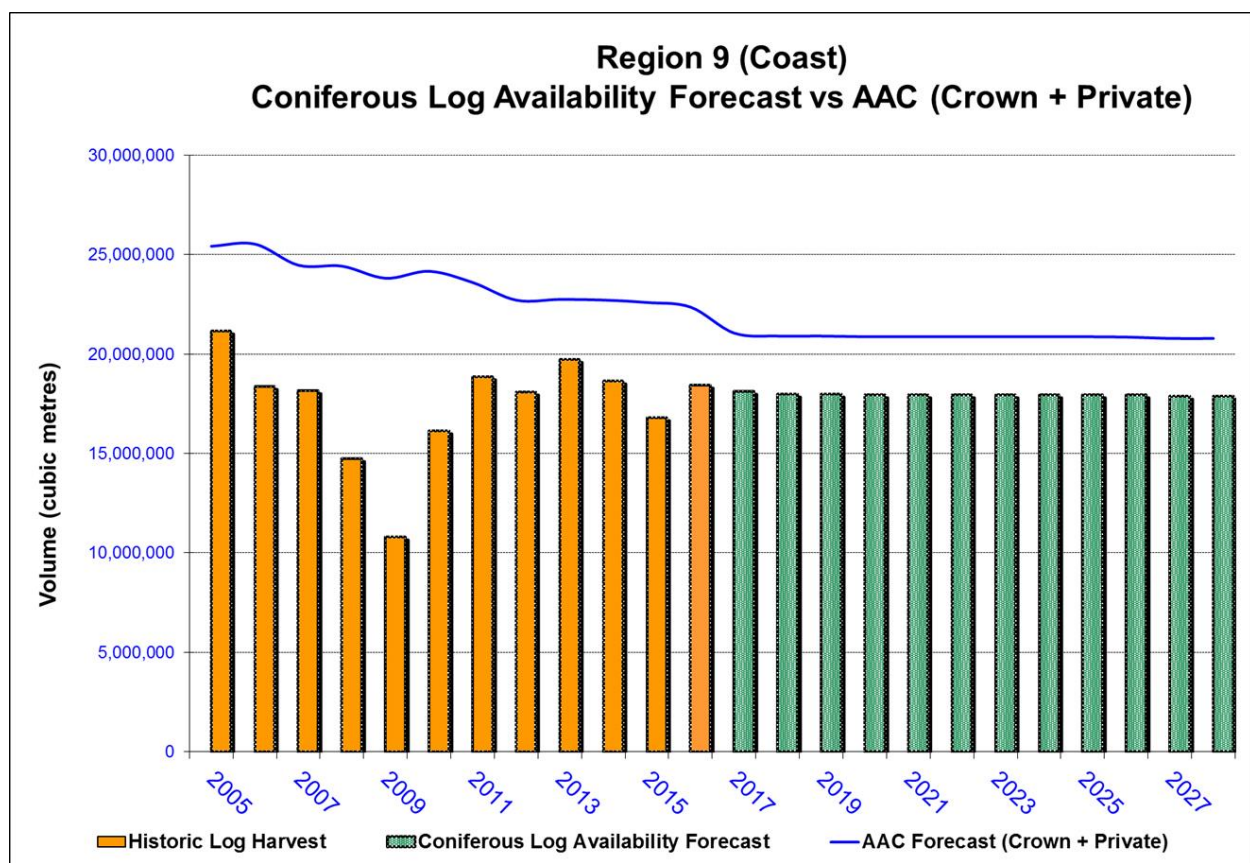
- Realizing that tax competitiveness is important in the attraction of investment, a solution based on a fair comprehensive redistribution of the revenues received by senior levels of government to rural and remote communities, rather than the introduction of new taxation is necessary.

THE CHAMBER RECOMMENDS

That the Provincial Government work diligently with rural and remote communities to develop and negotiate adequate and predictable transfers of revenue required to maintain reasonably expected services and amenities in rural and remotes communities.

NEED FOR BALANCED POLICIES TO ADDRESS UNDER-HARVEST OF COASTAL AAC (2018)

While much of the British Columbia Interior faces reduced available timber harvests due mainly to the effects of the mountain pine beetle epidemic, the Coast region continues to experience a persistent under-harvest of Allowable Annual Cut (AAC).



Source: BC Fibre Model. MDT Ltd.

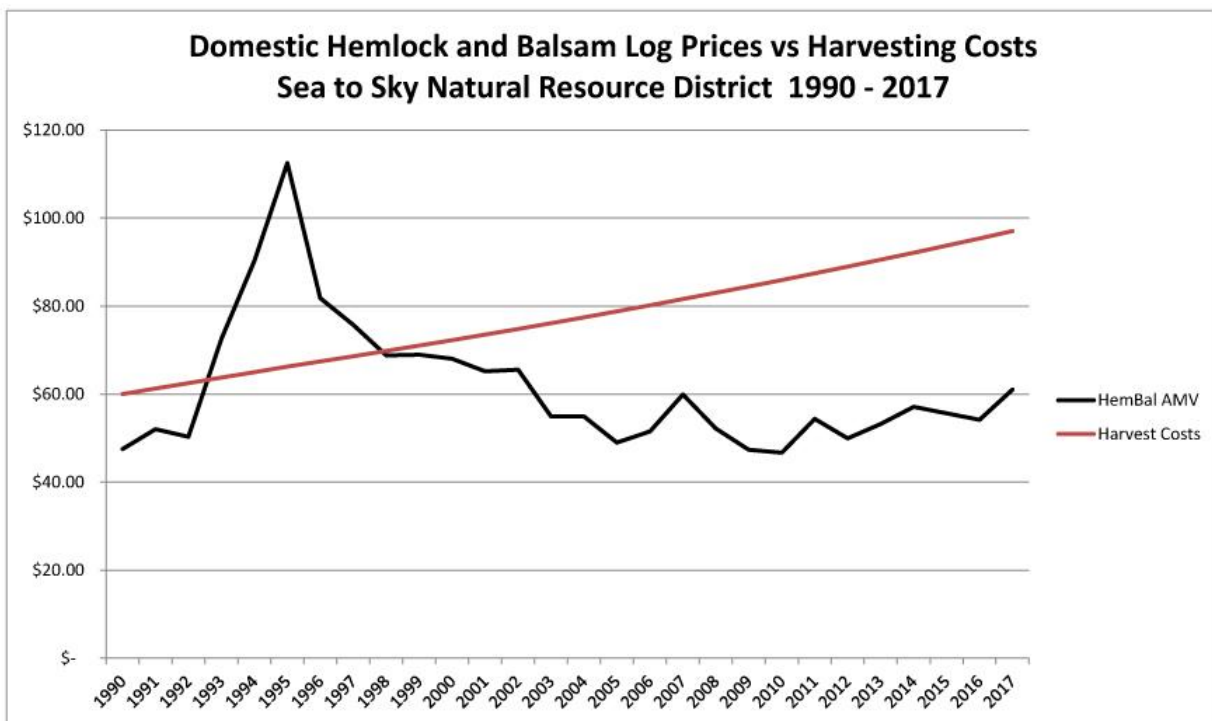
The core issue behind this under-harvest is the poor economics of operating in mature Hemlock-Balsam (HemBal) stands, which make up a large portion of the Coastal Timber Harvesting Land Base.

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These stands are not being fully utilized to the benefit of British Columbia for many complex reasons, including: low quality timber, high development costs, costly transportation (e.g., barging from upper Coast, long trucking distances to tidewater in some areas), considerable seasonal restrictions on harvesting, management for many non-timber values such as wildlife and tourism, and low domestic log prices.

This ongoing under-harvest of the AAC has had significant impacts on forestry businesses and other stakeholders. Machinery is sold off to other jurisdictions, skilled people leave the forest industry, companies go out of business, infrastructure such as forestry roads and crossings deteriorate due to insufficient maintenance and repairs, or roads are seasonally deactivated as less expensive means of meeting obligations – frustrating other forest users.



HemBal AMV compiled from Vancouver Log Market monthly reports. Logging costs rise at a rate close to CPI increases. (1.75% used for illustration purposes.)

Source: Squamish & District Forestry Association

The Coastal under-harvest is also an underlying cause of tensions that arise within the industry – between forestry operators and mills, and between mills including remanufacturers and pulp mills over supply of logs and fibre. The solution is to create a larger pie through a balanced set of policies addressing the economics of forest operations.

The harvest of the full AAC would generate considerable additional employment and economic activity in forestry communities as well as potential revenues to the Province. It would also stimulate reinvestment in the industry and its infrastructure.

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The following policy measures and issues will be considered for addressing the Coastal under-harvest of AAC:

New Product and Market Development

Investment programs targeting product development and new markets for our underutilized grades and species should be enhanced.

Cross-laminated timber (CLT) has become a feature story in government agency communications around the future of wood products and green building applications. It should be noted that this product innovation began in the 1980s and 90s with R&D programs in Germany and Austria specifically addressing lower grade timber with poor markets.

In developing foreign markets for our underutilized Hemlock-Balsam, roundwood export has an important role in building exposure to these species and maintaining their presence in supply chains (e.g., in Japan).

Reducing Uncertainty and Delays in Approvals

Permitting can be a long and complex process for Coastal licensees and not least for BC Timber Sales harvest block development.

Much delay has come from the need for government to navigate First Nations rights and title, and expectations delivered from recent court decisions. New provincial government commitments that may facilitate progress in land and resource use negotiations and ongoing, evolving partnerships between First Nations communities and industry, should help to reduce delays in plan and permit approvals.

Insufficient Ministry of Forests, Lands, Natural Resources and Rural Development staffing is also a significant cause for delays in approvals in certain districts.

Commitment to higher level plans – on the part of all stakeholders – is also important for an efficient permitting process.

Alleviating Uncertainty in Access to International Log Markets

In the current and foreseeable economic climate, the only apparent way to add sufficient value to the mature HemBal stands is to improve access to international log markets, which frequently pay significantly more than domestic log prices.

There are several existing policies in place to limit log exports and provide advantages to domestic log purchasers.¹ These policies include:

- Restrictions on the export of Red Cedar, Yellow Cedar and high-grade logs;

¹ Province of British Columbia. *The Process for Exporting Unmanufactured Timber from British Columbia*. <https://www.for.gov.bc.ca/ftp/het/external/!publish/web/exports/the-export-process.pdf>.

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- A variable “Fee in Lieu of Manufacture” (export tax) is levied on exported Crown timber to compensate for the loss of tax revenues that would accrue from manufacturing the logs domestically; and
- A Surplus Test where logs must be advertised for sale to domestic purchasers at domestic log prices before they can be exported.

However, these domestic log prices are frequently neither competitive by international standards nor sufficient to enable licensees to rationalize the risk of investing in the development and harvesting of problematic mature HemBal stands.

The Surplus Test procedures expose forest operators, in particular, to significant risk from “blocking” actions of domestic log buyers and from the timelines involved.²

There is currently no restriction on sawmilling companies with under-harvested AAC on their own forest tenures blocking export applications from forest operators without mills. This aspect of the Surplus Test process is a major irritant and reflects incoherent public interest objectives.

Some Orders-in-Council (OIC) which provide exemptions to the Surplus Test have provided some regions of the Coast with the certainty of export that they require to increase their harvest levels. The current Surplus Test process, as it applies to the rest of the Coast, does not provide enough certainty to maximize harvest levels and hence economic activity and domestic log supply.

The system of OIC exemptions could be applied within a scheme of economic zones that would recognize more accurately and fairly the conditions and handicaps that exist for forest operators in various parts of the Coast region. OICs applied within such a scheme would allow more dependable export of surplus timber from mature HemBal stands.

It must be emphasized that access to international log markets is particularly critical for smaller non-integrated firms, First Nations, community forests and woodlots – who do not enjoy the economies of scale or broader product range of larger firms or the ability to recover forestry costs from the sale of finished products. They sell only logs, and their businesses are dependent on competitive log markets.

Employment Goal in Provincial Forest Policy

It is sometimes proposed that earlier appurtenance rules that dictated that timber cut within certain geographical areas was committed to specific mills should be reinstated. It is also frequently proposed that there should be further restrictions on log exports.

Neither of these policy directions would address underlying problems facing the Coastal manufacturing industry or the persistent under-harvest of AAC.

² Discussed in Dumont, B., & Wright, D. (2006). *Generating More Wealth from British Columbia's Timber: A Review of British Columbia's Log Export Policies*. Victoria: Ministry of Forests and Range. See pp. 43, 54-55.

<https://www.for.gov.bc.ca/ftp/het/external/!publish/web/exports/generating-more-wealth.pdf>.

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This is illustrated by the fact that there are forest companies in the Coast region with both harvesting rights and sawmills that cannot economically harvest all of their AAC to support their own mills. These companies can have access to more forest tenure than their mills consume in a year, but product prices determine that harvesting costs are more than they can pay for a log landed at the mill. Their own tenures go unharvested while they rely on producers who export logs to provide them with logs at less than the full cost of logging.

A key objective behind calls for reintroducing appurtenances and further restricting log export is to preserve mill jobs. The intent is to support manufacturing; but the effect would be to reduce the value of our timber resources, by impeding higher value recovery and thereby forest management and harvesting activity levels.

It is important to consider that an increasing majority of primary forest industry sector jobs in the Coast region today are in forestry operations. This is due to ever increasing automation in the mills, and to the growing role of support activities in forestry directly related to our high forest practices standards – with increased number of specialists (e.g., GIS mapping technicians, geologists, archaeologists) employed.³

The goals of provincial forest policy may need to be more clearly defined as to whether the priority is to create more jobs for British Columbians or to direct more logs to domestic manufacturers. Automation in manufacturing has rendered these goals somewhat divergent.

It is undeniable that log exports currently have a critical role in supporting employment activity in forest operations and a sustainable harvest of the full forest profile – and also in supporting the domestic manufacturing industry by making available more logs at a lower cost.

Summary Benefits of Balanced Policies Approach to Address Underharvest

The following list includes some of the significant potential benefits:

1. Improved development and maintenance of the access infrastructure (roads and crossings) that are used by a considerable number of non-industrial users such as recreationists and tourism operators;
2. The increased harvest of mature HemBal stands will result in more logs being available for the domestic log market;
3. The future productivity of the Timber Harvesting Land Base will be increased by reforesting existing low-value, mature stands with fast growing, second growth stands;

³ See analysis of Coastal forest industry employment data and trends in Nelson, H. and Hotte, N. (2013) *Tired Iron: The State of the Harvesting Sector on the BC Coast*. Vancouver: Truck Loggers Association of BC
http://www.tla.ca/sites/default/files/news_policy/tired_iron_by_harry_nelson_lowres_fnl.pdf; and see also employment and economic benefits statistics in PricewaterhouseCoopers, Vancouver, BC (Sept. 2017) *British Columbia's Forest Industry and the BC Economy in 2016*.
<https://www.cofi.org/wp-content/uploads/BC-Forest-Report-FINAL-Sept-2017.pdf>.

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4. The present levels of timber utilization can be increased, as the increase in the average market values for the stands will allow more of the lower value pulp logs, and potentially biomass fibre, to be removed from the site and utilized by domestic manufacturers;
5. The increase in average market value and subsequent increase in harvesting activity will encourage an increase in capital investment and employment;
6. Provincial revenues will be increased through:
 - a. Stumpage resulting from higher volumes and higher average log value;
 - b. Fee-in-lieu on export logs;
 - c. Income tax;
 - d. Sales tax; and
 - e. Decreased social costs resulting from higher employment.

THE CHAMBER RECOMMENDS

That the Provincial Government address longstanding under-harvest of Coastal Crown timber Allowable Annual Cut by a balanced set of policy measures, including to:

1. Continue to work with all parties toward clarifying First Nations consultation responsibilities and addressing delays in cutting permit approvals faced by forest operators;
2. Add additional Ministry of Forests, Lands, Natural Resource Operations and Rural Development staff to deal with approvals;
3. Take into account the critical role of log exports in supporting employment activity in forest operations, sustainable harvest of the full forest profile, and in supporting the domestic manufacturing industry by delivering more logs than what would otherwise be delivered and at lower cost;
4. Alleviate uncertainties for forest operators inherent in the current Surplus Test and advertising procedures for log export applications, which have net effect of reducing harvesting activity and thus availability of logs also to domestic manufacturers;
5. Restrict sawmilling companies with under-harvested AAC on their own forest tenures blocking export applications from forest operators without mills;
6. Consider the implementation of a scheme of Coastal economic zones defined according to forest operating conditions, for the potential application of incentive policies including Orders in Council exemptions from existing policies;
7. Continue restrictions on the export of Red Cedar, Yellow Cedar and high-grade logs; and

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- Increase investment in product and market development programs for underutilized timber resources.

PROTECTING THE NATIONAL ECONOMY BY MANAGING THE LOWER FRASER RIVER (2018)

As highlighted in the 2016 report titled, *The Economic Importance of the Lower Fraser River*, the region under discussion stretches from Richmond to Hope, and is one of the prime economic generators in BC. As such, the Lower Fraser is a significant contributor to the national economy. Without clear strategic management between all levels of government and key stakeholders, the economic growth potential will not be fully realized. It is time to bring all vested interests together and chart a mutually agreed course forward that maximizes economic potential while managing risks.

Background

The Port of Vancouver is Canada’s largest port and third largest port by tonnage in North America. It is the principal ocean gateway to the Asia Pacific markets. The impact of the port function of the Lower Fraser is comparable in importance to the impact of Canadian traffic on the St. Lawrence Seaway, both in terms of tonnage and employment:

	Lower Fraser River ⁴	St Lawrence ⁵
Cargo (Million Tonnes)	30.8	47.8
Jobs (FTEs)	41,860	63,041
Wages (\$Billions)	\$2.77	\$2.88
Economic Output (\$Billions)	\$9.26	\$9.81

The Lower Fraser region is home to 2.9 million people and the most developable port lands to accommodate future port growth is along the Fraser River. In addition, the Fraser River supports other key industries such as the Fraser Valley’s agriculture production, over 45 forest industry facilities, and nine federal government small craft harbours that support fishing, aquaculture, recreation, tourism, shipping, and other marine activities.

Risks

The geographical configuration of the Lower Fraser, a wide delta of silt and alluvial fill, is vulnerable to flooding and earthquakes. The port and supporting goods movement infrastructure will feel the impact of a major event: rails, highways, bridges, etc. In 2007, the Fraser nearly overtopped dykes along the Fraser Valley during the freshet jeopardizing national rail lines and the TransCanada Highway.

⁴ The Lower Fraser River impact figures are from the Port of Vancouver Economic Impact Study for 2016, <https://www.portvancouver.com/wp-content/uploads/2016/05/2016-Port-of-Vancouver-Economic-Impact-Study.pdf>

⁵ The St Lawrence Seaway impact is for 2014; St Lawrence data covers Canadian cargo carried on the Montreal-Lake Ontario section of the Seaway and the Welland Canal between Lake Ontario and Lake Erie.

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In 2016, the Fraser Basin Council released its first of a number of reports that studied impacts of flood risks for the Lower Mainland coastal and Fraser River areas. In summary of four flood scenarios, the financial impact are:

- Present-day Lower Mainland flood scenarios would result in losses estimated at:
 - \$19.3 billion (coastal flood); and
 - \$22.9 billion (Fraser River).
- Year 2100 Lower Mainland flood scenarios would result in losses estimated at:
 - \$24.7 billion (coastal flood); and
 - \$32.7 billion (Fraser River flood).

Although there were assumptions, such as dike failure, the Fraser Basin Council researchers found that 71% of the Lower Mainland dikes assessed by the Provincial Inspector of Dikes are vulnerable to failure by overtopping during a major flood event. They further found that only 4% of assessed dike segments met provincial standards for “crest height” (0.6m freeboard above water surface elevation) in flood scenarios.⁶

Other reports done, for example, by BC Ministry of Forests, Lands and Natural Resource Operations (2014),⁷ or the Pacific Climate Impacts Consortium (2015),⁸ found similar impacts. It is of sufficient concern, that the cities of Delta, Surrey and Richmond likewise have done or are currently doing flood risk analyses with anticipated climate change impacts.

Coordination is required

The strategic management of economic growth and environmental risks on the Fraser River is challenging because of fragmented jurisdictions throughout the Fraser region. There are 15 municipal governments, 29 First Nations, and 20 provincial and federal ministries, engendering numerous legislative and bylaw regulations.

There are a multitude of issues resulting from fragmented oversight on the Fraser River, including the loss of industrial land due to pressure on local governments for residential or other development (over 3000 hectares in the last 30 years), piecemeal dyking upgrades that are not continuous, and uncoordinated maintenance programs and safety responsibilities. Efforts have been made to coordinate between local governments and to work with other levels of government. However, these are issue or situation-based and not a high-level, over-arching, holistic strategic investment for the region.

6 For full Fraser Basin Reports on flood risks, go to https://www.fraserbasin.bc.ca/Phase_1_Results.html

7 BC Ministry of Forests, Lands and Natural Resource Operations. Simulating the Effects of Sea Level Rise and Climate Change on Fraser River Flood Scenarios, Final Report, May 2014.

8 Pacific Climate Impacts Consortium. Simulating the Effects of Climate Change on Fraser River Flood Scenarios – Phase 2, Final Report. University of Victoria, May 2015.

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As an example of recent efforts to try and bring stakeholders together, the Fraser River Industrial Association (FRIA)⁹, a coalition of marine-dependent industries and terminal operators, including the Fraser Surrey Docks, is advocating for key priorities that include broad and collaborative stakeholder engagement, preservation of industrial land, stewardship to protect people and habitats, channel improvements, marine and public safety, transportation access, and streamlined regulatory processes.

They, along with other stakeholders such as adjacent chambers of commerce, would support the establishment of an integrated agency/committee to manage strategy, policy and regulation in the lower Fraser River to enhance economic benefit, and would look for the opportunity to be a part of such a coordinated entity. They have identified inconsistent regulation and overburdening of permitting process of a primary stagnation to growth and investment. Lack of collaboration, understanding and awareness of impact of changes or roles is a contributing factor to challenging any future economic growth and development in the region.¹⁰

The provincial and federal governments need to facilitate a region wide strategic coordination to resolve issues and overcome boundaries of authority, as it is a shared responsibility. Long term strategic planning and ongoing monitoring and mitigation of risks require all relevant stakeholders to be at the table in an organized, formal process that recognizes each party's role for the river and provide the authority to coordinate region-wide goals.

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments:

1. Either independently and/or collectively establish a task force, agency or committee to examine the issues and create a mandate and a comprehensive plan that would include (but not be limited to) the following:
 - a. Broad stakeholder and indigenous consultation;
 - b. Flood protection;
 - c. Navigation management;
 - d. Sea level rise;
 - e. Agriculture / industrial land protection and enhancement;
 - f. Asia Pacific Gateway potential and the new CP-TPP markets; and
2. And that the established entity commences collective and cooperative action for the objectives outlined.

⁹ The Fraser River Industrial Association website, fria.ca, is a wealth of information for the Lower Fraser River region.

¹⁰ As per FRIA representative, Jeff Scott, Fraser Surrey Docks.

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SELL OR LEASE CROWN LAND FOR AFFORDABLE EMPLOYEE ACCOMODATION IN RESORT AREAS (2018)

Opening Statement

Affordable accommodation for employees in resort communities is a significant barrier to growth and future success of resort communities. Many resort communities in British Columbia were started by the ability for developers to access land below market value to create the resort.

Background

The total spending related to the annual operations of the Phase One Mountain Resorts combined with the incremental visitor spending for the 2007/2008 season amounted to over \$1.1 billion. From this \$1.1 billion in spending, the associated effects on the province are:

- Gross domestic product of \$730.9 million; and
- Employment of 14,267 full-time equivalent jobs with wages of \$460.3 million.

Most ski resorts in BC are on land designated as Controlled Recreation Areas, public land leased by the government to the developer. While the ski resort can build infrastructure and “improvements”, the land itself (not the ski lifts) remain publicly owned. Once these lands are in a Controlled Recreation Area, the developer often has the right to buy these public lands at a price far below market value for real estate developments.

The land in a Controlled Recreation Area is under the control of the Minister of Tourism Trade and Investment and is governed by a Master Development Agreement (MDA), a contract signed between the private developer and the BC Government. This Agreement also provides for the sale of the land to the private developer.

For the first ten years of a MDA, a developer can buy Crown land for the greater of roughly \$5,000 + value of timber per acre, or the appraised land value of the unimproved land.

Master Development Agreements are legal contracts, so the Province is contractually bound for the term of typically 50-60 years. As legal contracts, the province can't unilaterally change the provisions in it without agreement from the MDA-holder.

The concept of selling Crown land at deeply discounted rates is to create incentive for large tourism projects to be developed. In many cases, this concept has worked extremely well, and ski areas contribute significant taxes to the government and employment.

Many resorts have become destinations for global tourism which has increased the real estate values and rents dramatically with the result that employees can not afford to live in the community.

The provincial government has outlined a desire to create affordable housing and this would be a low-cost opportunity to create long term affordable housing.

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The Whistler Housing Authority model of creating mixed affordable housing options for resort employees could be considered for any lands sold/ leased or granted for employee accommodation within or near Controlled Recreation Areas.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Create a review process to assess the Master Development Plans and grant Housing Authorities options to purchase or lease crown land for “rent controlled” or “resale controlled” employee housing development;
2. The price for purchase of the crown land should be similar for rates (roughly \$ 5,000 per Hectare) considered for Master Development Plans; and
3. Work with resort municipalities and /or communities to create local employee Housing Authorities or private public partnerships with the mandate to own/ lease, develop and manage newly disposed crown lands including management of affordable housing through:
 - a. Development and construction of mixed rental and purchase units, which are restricted to employees working full time in the area of the Master Development Agreement or Controlled Recreation Area;
 - b. Development of a process to create and maintain a list of approved employees for “employee restricted rental” and “employee restricted purchase” housing. The list should be created and managed by the Housing Authority; and
 - c. Development of repurchase controls that are tied to the rate of inflation and for resales of “employee restricted housing.”

EMERGENCY MEDICAL SERVICES FOR BRITISH COLUMBIANS (2018)

All British Columbians should have equitable access to medical services regardless of where in the province they live. Access to quality healthcare is an important consideration for attracting and retaining qualified employees and often a key factor in the decision to relocate away from working and living in rural communities. In the 2017 report by the BC Forest Safety Ombudsman, Roger Harris, titled “*Will It Be There? A Report on Helicopter Emergency Medical Services in BC*,”¹ Ombudsman Harris noted “nearly three quarters of all people who die of trauma related conditions in Northern BC do so before they can be brought to a hospital. In Northern BC, this number is 82% compared with 12% in Metro Vancouver.

Ombudsman Harris’ initial investigation was focused on forest safety and industry personnel access to medical services in the event of an accident. Through his investigation, he determined that if you live or work near an urban centre, it is likely that in the event of an injury, you will receive access to a medical centre within one hour. There are no such assurances if you live or work in rural BC.

The findings of his report indicate there are serious gaps in the provision of emergency medical transportation services to people living and working in rural parts of the Province and it threatens the safety of workers and residents. While it is acknowledged that rural communities cannot support or expect the same level of medical facilities as those in urban centres, they should not lack equal levels of emergency medical transportation services. As the distance to the nearest medical facilities increases, access to timely medical transportation should be enhanced not reduced.

The UBCM (Union of BC Municipalities) and NCLGA (North Centralized Local Government Association) have both endorsed several resolutions since 2007. One such resolution in 2013 resolution called “for the provincial government to support the development of a reliable air ambulance service that fully meets the emergency health care needs of all British Columbians.”²

In the 2012/2013 BC Auditor General Report 13: *Striving for Quality, Timely and Safe Patient Care: An Audit of Air Ambulance Services in B.C.*³ the Honourable John Doyle reported “Air ambulance services are a critical component of the provincial health care system, providing emergency lifesaving treatment and transporting patients across vast distances to the necessary level of care. This service, provided by the BC Ambulance Service, is particularly important in British Columbia due to this province’s large size and the remoteness of some communities. My overall conclusion is that the BC Ambulance Service is unable to demonstrate the quality, timeliness and safety of its patient care. This is largely because the BC Ambulance Service lacks a performance-based approach for managing its air ambulance services. It has not clearly defined objectives or measures and while it has processes to support quality care, timeliness and patient safety—it does not assess its own performance to find out how well it is doing and look for ways to improve.”

BC Ambulance Service (BCAS) audit response of March 21, 2013 stated “BCAS accepts the findings of the OAG and will apply the findings which support the organization’s philosophy of continual improvement of

1 http://www.bcforestsafesafe.org/files/HEMS_Report_jan31.pdf

2 <http://www.ubcm.ca/assets/Convention/Documents/2013%20Convention%20Minutes.pdf>

<http://www.nclga.ca/resolutions/air-medical-access/25/default>

<http://www.nclga.ca/resolutions/air-ambulance-services/25/default>

3 https://www.bcauditor.com/sites/default/files/publications/2013/report_13/report/OAGBC%20Air%20Ambulance.pdf

patient care. BCAS will implement all of the OAG recommendations.”⁴ In the HEMS report by BC Forest Safety Ombudsman Roger Harris, we clearly see that nothing has changed.

Whether working, living or travelling in rural British Columbia, citizens are entitled to emergency services and when this access is not provided or fails, the cost to families, employers and tax payers increases. In the case of a Haida Gwaii worker, it took 11 hours to get to medical access and resulted in the loss of a leg. It took 24 hours to transport a stroke patient in Northern BC to a critical care centre well outside the 120 minute treatment window.

Dr. Dave Snadden, recently appointed the founding chair in rural health at the University of British Columbia, also questioned the issue in a January 21, 2017 issue of the Vancouver Sun. “If you have a stroke in Vancouver, you can be at Vancouver General Hospital in less than half an hour, receiving highly specialized medical care from on-site neurologists. But what happens if you have a stroke in Dease Lake, a community of about 450 almost 1,000 kilometres northwest of Prince George, or you suffer a traumatic injury in the Eastern Kootenays that requires a higher level of care beyond what the local hospital can provide? These are the questions Dr. Dave Snadden is keen to tackle in his new role. “How does that patient get access to the same degree of expert care that would give us a good outcome?” said Snadden. “That, to me, is the challenge of rural health.”⁵

Emergency and non-emergent care can and should include access to technology that enables patients and caregivers to access specialized services and consultation from remote locations.

In comparing BC to similar jurisdictions, Ombudsman Harris found that Washington and Alaska, both representing similar geographic challenges as BC, have legislation that ensures all residents have access to a level 3 trauma centre within 60 minutes. “There are no technical or infrastructure barriers to the delivery of air ambulance within that critical first hour to any resident of BC, regardless of where they live. The decision by government not to provide that access is a choice,” asserts Harris. His recommendations are “support faster care for workers and all residents regardless of where you live in the province. Faster care results in better medical outcomes for the patient - which in turn, results in lower cost to the health care system.”

The recommendations put forward by the Ombudsman in his report include:

1. BC consider mandating – through legislation or policy – guaranteed timelines for the public to be able to access Trauma 3 level care, similar to other jurisdictions;
 - a. Establishing guaranteed timelines will direct BCAS to put in place the necessary assets, protocols and procedures that will ensure a patient focused service delivery model;
2. BC undertake a review of the effectiveness of the legislation as it pertains to the provincial emergency ambulance service. The BCAS was originally established in 1974. A lot has changed since then;

⁴ <http://www.bcehs.ca/news-stories-site/Documents/air-ambulance-service-audit-response-factsheet.pdf>

⁵ <http://vancouversun.com/news/local-news/new-chair-at-ubc-takes-on-rural-health>

- a. The Emergency Health Services Act puts significant limitations on the ability to access and utilize other potential service providers. Section 5.2 4 however, does provide the minister with flexibility. Expanding the scope of practice and the role of First Responders in the transportation of accident victims to medical facilities would allow them to be better utilized. A patient focused system needs more flexibility, not less;
 - b. Health services in BC have been regionalized with the establishment of five Regional Health Authorities, the First Nations Health Authority, and the Provincial Health Authority. Like policing and fire protection, there may be value to administering some aspects of the services from a local and regional perspective – services can be tailored to meet the dynamics of the communities and region being served, and geography can be considered when designing transportation systems, protocols and allocating resources. The value of having BCAS set provincial standards could be maintained while transferring certain procedures and processes to more regionalized bodies;
3. EMBC and BCAS expand the use of hoisting in the Province of BC;
- a. There are some significant advantages to incorporating the use of hoisting over the current practice of longlining. The answer may not be in utilizing one method over the other but rests with incorporating both methods and developing a plan that uses the right technology in the right place at the right time with the flexibility to evolve over time and respond to incidents as required; and
 - b. If hoisting were to be adopted, the skills sets of BCAS personnel could expand with additional training, incorporating the deployment of medical crews directly to the accident site to prepare a patient for extraction and transport to a hospital without additional transfers from helicopter to ground ambulance or another helicopter.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Enact legislation providing guaranteed timelines for the public to access the appropriate level of care including Trauma 3; and
2. Review and implement the recommendations of the Forest Safety Ombudsman in his February 2017 report “Will It Be There – A Report on Helicopter Emergency Medical Services in BC.”

GUIDELINES FOR NEEDLE DISTRIBUTION (2018)

Summary

An increased number of improperly discarded needles are posing a risk to businesses, patrons of businesses and residents in certain areas. The Chamber recommends amending service contracts with needle distributors to allow them to use professional judgement on how many needles to provide to each user.

Business Case

Increased drug usage has led to a growing amount of drug debris in high traffic areas, such as the downtown core as well as the Tranquille commercial corridor in Kamloops. This is a health and safety hazard and discourages families and community members from enjoying quality of life in our parks and our private and public restrooms. This also damages the viability of local businesses as customers choose to avoid the areas to minimize exposure.

Background

Over the past several months, government-funded needle distribution services have expanded throughout various municipalities. Services that were originally formed for needle exchange have become needle distribution services. These distribution services give out sharps to addicts for free and in whatever amount the user requests. Under the terms of the needle distribution contract between the service providers and Interior Health Authority (IHA), the needle distribution service cannot deny any clean needle request, regardless of the amount requested.

This model is problematic for several reasons. First, ongoing contact between users and agencies is imperative to the potential improvement of the user's situation. Increasing the number of contacts between users and needle providers provides more opportunity for aid and implementation of wrap-around services. Secondly, unrestricted access removes accountability for sharps management and disposal by users and jeopardizes the health and safety of others in the community.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Permit the needle distribution services to limit the number of needles to distribute per user. This would require changes to existing and future needle distribution contracts and funding; and
2. In each current and future needle distribution contract, include an appropriate amount of funding for trained FTEs who will do the following:
 - a. Monitor and police high needle debris areas;
 - b. Work with the user population to deter and detect cases of overdose. This would be done at the street level and not out of an office. A good example is the overdose prevention pilot project currently conducted by ASK Wellness;
 - c. Be a continuum of care entry point for street level users and encourage them to seek care; and
 - d. Integrate the Four Pillars Drug Strategy of enforcement, prevention, treatment and harm reduction as currently utilized by City of Vancouver.

BC DIGITAL MEDIA INDUSTRY: GROWTH ENGINE (2018)

Background

The BC TV/Film industry has three main revenue generating sectors: Live Action; Video Effects (VFX); and Digital Animation.

BC leads the country in annual Film/TV production revenues (\$2.6 billion).¹

Also contributing to BC's 'Digital Media' production sector is Canada's Video Game Industry, with \$3.7 billion GDP.² In 2016-2017 BC saw company growth of +19% and employment growth of +7%. The BC government estimates that the videogame sector contributes \$1 billion+ to the B.C. economy, of note for the TV/Film production sector in BC in 2016-17, 88% was foreign production work qualifying for PSTC³ tax credits while only 12% is FIBC⁴ domestic production work. The videogame industry also has a large foreign component: 83% of all companies are Canadian-owned and controlled with only 17% of all companies being Foreign-owned. 86% of all employment in the industry is in Foreign-owned companies while only 14% of all employment in the industry is in Canadian-owned companies. 5% of the leading videogame companies in Canada provide 90% of the employment.

Tax Credits – In BC and Competing within Canada and the U.S.

BC's main competitors for digital media production work are both national and international.⁵ BC's main competitor for Film/TV work nationally is Ontario while its major competitor for videogame production is Quebec; Ontario is gaining ground.

Most foreign off-shore jurisdictions have some form of production tax incentives, so they can compete for work that increasingly is becoming internationally distributed, dubbed for worldwide markets. Often when BC studios are competing for work from major studios with worldwide distribution capabilities, competitive bid prices for contracts are determined by international markets vs. domestic pricing based on local costs. Markets and demand are growing due to streaming video on demand (SVOD) services like Netflix, Amazon and Hulu and other online distribution models. Regardless, BC competes successfully against jurisdictions with lower labour costs due both to provincial and federal incentives.

In recent years, the BC provincial government has placed a significant focus on implementing measures to retain jobs and revenues in the industry as markets become more international and competitive. All three sectors that drive BC's industries are experiencing similar impediments to expansion due to talent

1 Estimated by Creative BC to be \$2.6 billion between April 1, 2016, & March 31, 2017. The Canadian Media Producers Association (CMPA) estimates the 2016 - 2017 fiscal year saw production volume in the country reaching an all-time high of \$8.38 billion. The CMPA estimates BC was the top province with its volume hitting \$2.991 billion, just ahead of Ontario with \$2.977 billion. Quebec, with its thriving French-language industry, placed third with \$1.754 billion. BC's industry directly employs approx. 25,000 professionals. An estimated 17,000 are involved in Live Action Feature Film and TV production with 5,000 in VFX and 3,000 in the Digital Animation sectors.

2 In a 2017 report published by the Entertainment Software Association of Canada (ESAC), the national games industry contributes \$3.7 billion to the country's GDP.

3 Film or Video Production Services *Tax Credit (PSTC)* provides eligible production corporations with a *tax credit* at a rate of 16 per cent of the qualified Canadian labour expenditures incurred in respect of an accredited production.

4 FIBC – Film Incentive BC is a labour-based tax incentive that provides refundable tax credits to Canadian controlled production companies based on eligible BC labour costs.

5 Internationally Canada's most significant competitors are from the US, Malaysia, Singapore, China, France and India. In the US the jurisdictions that compete directly with BC by state are the 'Big 5': California, New York, Texas, Florida and Georgia. These states all have substantive tax incentive systems similar to BC's designed to compete against Canadian incentives from mostly BC and Ontario. On a per capita basis BC's industry rivals both California's and New York's which are the two largest US markets.

shortages and industry capacity issues. Like other sectors in BC industries, not enough skilled workers are available to produce content in all segments. This makes tax policy issues even more relevant, i.e., government participation in how the industry grows or stagnates based on its tax incentives.⁶

Education – Immigration

98% of BC's productions are currently in the lower mainland. The region has issues: skilled workforce retention, upskilling, reskilling and job entry. The shortage of talent creates upward pressure on salaries for intermediate and senior staff. There are entry level positions available, but BC's 19 digital media schools are not graduating enough Canadians, and many graduates need extensive additional training to be employable, leaving the industry continuously short of skilled labour. 30-50% of students receiving training in BC's private digital media school network are international students who cannot legally enter the workforce after graduating.

Additionally, the lack of experienced talent means work produced with less experienced talent is often of a reduced quality and may not meet the benchmarks required by major studios and marquee clients. This shortfall has led to filling skills gaps with intermediate and senior talent recruited internationally or outsourcing parts of productions overseas.⁷

BC: Regional & Rural Diversification Beyond Vancouver

Vancouver's production and post-production capacity is an estimated 3,000,000 sq. feet of production space, capable of supporting the biggest Hollywood movies in casting, set-building, location filming, audio, special effects and digital animation.

If BC is to maintain its leadership position in the global Film/TV and videogame sectors and capture the opportunity to retain and create thousands of jobs in the future, an optimized tax credit program is required to incentivize new growth and investment. With such an enhanced program in place, the size of the industry, and the prospect of creating new jobs in the coming five years is a realistic goal.

BC, and particularly Vancouver, houses the world's largest cluster of production services for digital media sectors for streaming video content development, VFX, digital animation and video game production. Approximately 1 in 10 of the 150,000 high tech jobs in BC are attributed to the digital media sector (~15,000 jobs). Digital media is a major contributor to any regional jobs plan and if properly supported creates high paying long-term jobs.⁸

How to Grow the Industry in the Thompson Okanagan

In Kelowna, the high-tech sector is growing at 30% biennially. The Thompson Okanagan area accounts for 7.5% of all employment by programmers and digital media artists in BC according to WorkSafe BC

6 Tax credits to the Film/TV and Videogame industry are not subsidies. Since 1992 Film/TV tax incentives have created \$6 billion in spending on domestic productions and have attracted and imported over \$20 billion in foreign capital to the provincial economy for production service work, creating an economic impact of over \$60 billion in BC.

7 For example, up to 20%-30% of staffing at some major BC digital animation studios is recruited internationally to meet the needs of clients and produce the required levels of quality to remain competitive internationally. The BC PNP (Provincial Nominee Program) NOC 5241 (National Occupational Classification for Graphic Designers and Illustrators) jobs is helpful. Most foreign staff must qualify via Express Entry due to the nature of production contracting in the Film/TV industry and Canadian work experience requirements.

8 A recent Federal government labour market study by Immigration, Refugees and Citizenship Canada (IRCC) indicates 6,800 new NOC 524 (digital artists) jobs alone are required in the next 5 years to support BC's growing industry. In addition, IRCC forecasts 11,900 NOC 217 (interactive media developers) and 3,200 NOC 522 (graphics art technicians) are required by 2022 for an estimated cumulative job number of 21,900.

data. This compares to 76% of these jobs in the lower mainland and 15% in the Vancouver Island/Coast regions.

Given this regional pattern of employment the Thompson Okanagan would get approximately 510 of the 6,800 new NOC 5241 jobs forecasted for digital animation and video effects. If regional and location distant tax credits were optimized to double the 7.5% estimate, that would equate to 1,020 jobs for the region. If spread over the digital media sector's three main silos this would mean 300+ new jobs for each of digital animation, video effects and videogame production sectors. With average studio sizes for medium or large-sized studios this would equate to about 7-10 new studios being established, thus making Kelowna a top 10 animation production cluster in North America.

If the same math of 7.5 % and a target of 15% of the total 21,900 jobs is calculated, the Thompson

Okanagan would see 1,640 and potential for 3,280 new and replacement jobs occur in the region. Many of the requirements for this kind of job growth are in place in the region to support parts of this forecasted growth for the area.⁹

Home Grown Digital Media Skills Training

Currently the rural Okanagan region is home to three digital media schools that help create home grown talent to facilitate regional growth. The longest operating school in Kelowna is CATO – the Centre for Technology and Arts. Approximately 40 graduates from CATO have been hired by Bardel Entertainment & YetiFarm Creative in Kelowna over the past two years increasing staffing to 80 and 60 employees for the two companies respectively.

Okanagan College offers a new two year 'Classical Animation' program that when fully enrolled will graduate 20 animators per year. UBC Okanagan has a new Bachelor of Media Studies, a 4-year degree that will produce another 20-30 graduates per year. Central Okanagan School District #23 has announced that in conjunction with the province's leading animation school (Vancouver Film School - VFS) they will provide a dual credit 'Foundations of Animation' curriculum starting September 2018. The plan is to have 30+ students able to enter any of the region's digital media schools including schools in the lower mainland with advance placement. Course will be expanded to include 3D and VFX curriculum and the pilot program rolled out to other high schools in the northern and southern Interior school districts.

Lastly, in-migration from the lower mainland and from international sources will bring additional talent to the region. This talent will bring intermediate and senior talent to support the new studios which could be attracted to the region, augmenting the lack of regional talent.

Conclusion

The digital media industry is a significant economic driver in B.C. with no signs of slowing down in future if incentivized. With this growth BC can set up additional infrastructure necessary for this industry to lead globally across all its sectors, strengthening provincial economies.

⁹ There are about 20 VFX and digital animation studios that employ the bulk of content production staff in BC. In digital animation, 80% of the animators in the province work at DHX, Sony, Bardel, Atomic Cartoons, Rainmaker-WOW Entertainment Unlimited, and Animal Logic Titmouse. In VFX, there are 5,000 VFX artists working in BC at Digital Domain, Industrial Light & Magic, MPC, Zoic, FuseFX, CineSite, Image Engine, Stargate, Hydrualx, UMedia, COSA and Sequence. All maintain larger studios in Vancouver.

Tax credits for the Film/TV sector in BC are administered by Creative B.C. and legislated by the Ministry of Finance. Creative BC is a crown corporation and has been shifted under the new government to the Ministry of Tourism, Arts and Culture.

Tax credits for B.C. basic labour are 35% for domestic productions, and 28% for foreign productions. The regional tax credits are 12.5% and 6% respectively, outside of the lower mainland. A distant location tax credit of 6% is applicable to both domestic and foreign production work when performed outside of the Vancouver region. Additionally, DAVE (Digital Animation, Visual Effects and Post-Production tax credits) is designed to provide an incentive to production companies employing BC based talent to create DAVE in BC. DAVE must be claimed as part of either an FIBC application or a PSTC application. (See Notes 3, 4)

These provincial Film/TV tax incentives can be stacked and include a 16% federal tax credit for qualifying PSTC BC labour for the Videogame, mobile, online and VR/AR productions in the province. Lastly, a 30% training tax credit is paid to a BC-based individual registered in an approved training program. The tax credit is capped at 3% of the corporation's qualified BC labour expenditure and must be accessed in conjunction with the basic tax credit and is only currently available for domestic productions that provide training specifically to Canadians.

For the videogame industry the tax incentive system is simpler. Interactive Digital Media Tax Credit (IDMTC) is 17.5% for qualifying labour for content creation that involves interactivity. Some examples of IDM products are Videogames, Educational software, Edutainment products, Simulators, AR/VR applications.¹⁰

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Continue tax credits to enable emerging digital-based companies to set up and expand;
2. Support, through increased funding formulas, local educational institutions, pre- and post-secondary to create industry-recognized accreditation for digital media skills;
3. Expand training tax credits to include foreign productions;
4. Support program delivery through broadening intake numbers and tuition funding, to align with provincial programs including BC Jobs Grant; LMP/CJG/PBLMT funding¹¹;
5. Withdraw tax clarifications issued March 10, 2016, to make incentives more attractive to regional productions; and
6. Re-implement post-secondary temporary working permit (2011) for graduates of BC digital media programs.

¹⁰ If 7.5% of these existing jobs could be attracted to Kelowna this would equate to 375 VFX jobs in the region. This would equate to approximately \$22 million in VFX salaries alone flowing through the region. If 7.5% of the 5,800 videogame jobs in BC could be moved to the region another 435 jobs would bring in \$33 million in game developer salaries to Kelowna.

¹¹ LMP: Labour Market Partnership; CJG: Canada-BC Job Grant; PBLMT: Project Based Labour Market Training (PBLMT) - WorkBC

CLEAN TECHNOLOGY & THE RENEWABLE, SUSTAINABLE ENERGY SECTOR IN BC (2018)

Much of the recent energy dialogue has focused on the price of oil and the impact this is having on federal and provincial budgets. This misses the fact that a more fundamental shift is occurring in the global economy. For the first time in more than a century, multiple signs suggest that the dominance of fossil fuels is beginning to decline. We are seeing the beginning of a new technology revolution that will provide huge economic benefit for those able to place themselves at the forefront of this revolution. One only need to look at countries such as Germany to appreciate how taking a leadership approach to this new green economy can benefit an entire country both economically and environmentally.¹² Unfortunately, while BC has a strong international reputation for innovation on climate change we are not leveraging this reputation to be at the forefront of the growing green technology economy.

The scope of the clean technology and renewable energy opportunities are poorly understood. While investments in renewable energy are well underway in many jurisdictions, the scope of change required will be well beyond electricity generation. Innovation in terms of new technologies and new practices will be required in a range of other areas.

Sector	Examples of Technology
Electricity Access	Upgraded Power Grids Off-grid technologies
Water Management	Wastewater Treatment
Waste Management	Recycling Energy capture from landfills
Climate Change/Reducing Emissions	Mitigation technologies Upgraded power grids Renewable energy, wind, solar, geothermal, geo-exchange, tidal, biomass, hydro, etc. Electric and hybrid vehicles Carbon Capture and storage Adaption technologies New cultivation practices Climate resistant infrastructure: sea walls, drainage capacity, water, forest and biodiversity management, etc.
Transport	Rapid Transit systems Low emission vehicles and fuels, biogas, natural gas and plug in electric

¹² <http://thetyee.ca/News/2014/10/20/German-Clean-Energy-Revolution/>.

Building Energy Efficiency	Thermal Insulation Energy efficiency programs best practice building codes
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It should be recognized that some Canadian and international governments have already begun placing a direct focus on the green economy. “Technology and Green Economy” forms a part of the BC Jobs Plan. In addition, the provincial government has also developed “BC’s Green Economy – Growing Green Jobs”. Nova Scotia has created a rebate programs for a variety of solar and energy efficient green products for consumers through Efficiency Nova Scotia.¹³ Sustainable Development Technology Canada (SDTC) has established a role that fills the gap in government funding for Canadian renewable energy and clean tech projects. In addition, they provide consultation for small and medium-sized enterprises (SMEs) wishing to engage in clean technology and renewable energy projects.¹⁴ While the creation of SDTC is a welcome initiative, it is insufficient for the scale of the challenge facing Canada. While this program needs to be highlighted, expanded and encouraged, there are other successful programs in other jurisdiction that should be replicated here in Canada; perhaps the best examples can be found in Germany.

In conjunction with their National Action Plan on Energy Efficiency (NAPE), Germany has implemented a number of investment and incentive programs to foster the shift to renewable energy generation and clean technology.¹⁵ Some of these include, but are not limited to, premium funding to strengthen the establishment of the renewable technologies in the heat market, special promotions of offshore wind energy projects, low-interest loans, high volume loans for large-scale investment projects. The SME Energy Consulting programme in Germany which is run by KfW and the Federal Ministry for Economic Affairs and Energy helps unleash energy saving in SMEs. Consultations may qualify for subsidies of up to 80 per cent of the consultation costs. Around 17,000 companies received consultations under this program from 2008 to 2013. All told, the consultations led to EUR 0.7 to 1.4 billion of investment and 1.5 to 2.7 terawatt-hours of energy savings. Every publicly financed euro generated EUR 16 to 29 in private investment.¹⁶

British Columbia needs to move beyond the limited focus on BC’s traditional industries and make BC a global leader in all aspects of the new emerging global green economy. As an example, the provincial government needs to make clean technology, including renewable energy production and the manufacture of renewable energy producing products (like solar panels, wind turbines, etc.), a high priority in British Columbia in an effort to grow a diversified 21st century economy.

This strategy should be broad and to be successful would have to address the following challenges:

- build a stronger industrial structure, i.e. larger SMEs and more large firms entirely dedicated to the environment and green technology;
- develop and accelerate the marketing of homegrown technologies;
- capitalize on local markets to stimulate growth in the environmental and green technology industry;

13 <http://www.energycyns.ca/energy-solutions/solar/>.

14 <https://www.sdte.ca/en>.

15 <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/taxes-and-incentives-for-renewable-energy/pages/germany.aspx>.

16 <http://www.bmwi.de/EN/Topics/Energy/Energy-Efficiency/energy-consulting-and-funding,did=687122.html>.

- increase exports and acquire a strong position in buoyant niches in international markets; and
- achieve the convergence of the efforts of all players in the sector.

While market forces will be a key determinant of successful new technologies, governments have a critical role to play in setting the scene for this societal shift. We have seen a number of instances where government has been successful in initiating programs that have resulted in positive outcomes. As already referenced the carbon tax has been a resounding success in reducing BC's greenhouse gas emissions while having no negative impact on the rate of growth in the BC economy. In addition, we have seen the BC Hydro Powersmart programs result in a significant reduction in electricity consumption through a range of programs, including targeted incentive and rebate programs.

To ensure that BC is able to move quickly to establish ourselves as a global leader government, we should look to best practices globally to identify programs that encourage the production, sale and purchase of renewable energy and green products. BC has a unique opportunity. BC has an undeniable advantage to be at the vanguard of addressing the challenges raised by today's industrial and environmental issues. This will require consultation and a focused effort by government to play a leadership role in partnership with the private sector.

These technologies are in demand worldwide and will be a catalyst in driving a diverse 21st century economy in British Columbia. Jurisdictions around the world are looking to lead. Without a coordinated plan we will quickly see BC overtaken and left behind in the new global economy, missing huge economic opportunities.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Develop and implement a plan to advance B.C.'s contribution to select aspects of a new global economy, the conservation and efficiency industry, clean energy and clean technology sector;
2. Implement industrial, commercial and residential green programs, based on cost-effective market implementation to support, attract and retain clean technology and renewable, sustainable energy technologies in British Columbia; and
3. Continue to work with the business community, provinces/territories, and international institutions and governments to further develop emerging clean technologies and to work toward a common target for emissions reductions.

ENHANCED PUSH FOR INTERMUNICIPAL MOBILE BUSINESS LICENCE (2018)

At the 2006 Union of British Columbia Municipalities (UBCM) Convention, the Government of BC challenged local governments to develop a single business license framework, to become the first jurisdiction in Canada where businesses could operate freely anywhere in their province. The Ministry of Small Business and Revenue was charged with leading the Single Business License Initiative, working

closely with UBCM, the Ministry of Community Services, and key stakeholders, to develop a model that streamlined business licensing processes while retaining municipalities' powers to set local standards for businesses operating within their jurisdictions.

Following initial concerns expressed by some local governments over loss of revenue and autonomy, the province moved away from the introduction of a single business license and began to promote regional Mobile Business License (MBL) programs. Resistance has diminished overtime as MBL programs have demonstrated value and an increase in compliance.

There are currently 15 MBLs Programs in the province, encompassing 99¹⁷ local governments:

- Central Vancouver Island (12)
- Cowichan Lake Area (4)
- Greater Victoria Area (13)
- Courtenay/Comox Area (2)
- Metro West Region (6)
- Fraser Valley Area (11)
- Tri-Cities Area (3)
- North Shore (3)
- Okanagan-Similkameen Area (20)
- Trail Area (5)
- West Kootenay (6)
- North East (7)
- Sunshine Coast (3)
- Kimberly/Cranbrook (2): and
- Elk Valley (3)

To date, the established MBL projects have been positively received by participating municipalities and several local municipalities bordering existing programs have adopted the MBL model as well, thereby increasing the boundaries within which businesses can operate under one license.

In the absence of a single provincial business license, implementing regional programs is a more streamlined and cost-effective way for municipal governments in all of BC to operate in the short-term, and pave the way for the eventual goal a one province wide MBL.

While the Chamber has expressed concern over the lack of focus regarding a single business license for all of BC, we recognize the fact that regional MBLs still mark a significant improvement. The benefits to local governments, business, and residents of a regional MBL model have been supported by the feedback and financial success of the Okanagan-Similkameen, Fraser Valley, and other MBL programs already in place. The Chamber believes that the benefits of these programs have been demonstrated and early concerns over loss of revenue and autonomy have been negated. The Chamber encourages the provincial government to continue the expansion of this initiative across the province, with the goal of eventually establishing a single, province wide licensing program for all businesses.

¹⁷ The City of Surrey is part of both Metro West and the Fraser Valley MBL Program.

At this time the MBL program eligibility is limited to mobile businesses, defined as trades contractors or other professionals (related to the construction industry) that provide a service or product other than from their fixed and permanent location.

THE CHAMBER RECOMMENDS

That the Provincial Government works with municipalities to:

1. Proactively conduct data/revenue analyses for municipalities in defined regions to assist with implementation and creation of new Mobile Business License programs, as well as analysis of existing programs;
2. Merge existing Mobile Business License programs, such as the four current programs in the Lower Mainland region, into expanded regional Mobile Business License programs; and
3. Explore an expanded list of eligible mobile businesses to provide access to a broader range of sectors.

INTER-PROVINCIAL TRADE BARRIER REFORM: BEER AND WINE MANAGEMENT (2018)

Issue statement

Inter-provincial barriers in Canada prohibit growth and limit consumer choice in too many businesses and industries. A prime example of an industry still hampered by antiquated inter-provincial trade barriers is the wine, beer and spirits industry. Recently, our federal government liberalized inter-provincial trade in liquor by allowing individuals to import wine, beer and spirits for personal consumption, and a few provinces (including British Columbia) have made their own regulations congruent with this federal exemption. Unfortunately, in most Canadian provinces inter-provincial trade in liquor remains restricted by a patchwork of regulations. British Columbia must encourage other provinces to modernize their liquor laws to allow freer interprovincial trade in wine, beer and spirits.

Background

Until recently, the Federal *Importation of Intoxicating Liquors Act* criminalized the interprovincial importation of liquor by individuals. In 2012, the *Act* was amended to allow individuals to import wine across provincial borders for personal consumption. In June 2014 further amendments to the *Act* extended this personal use exemption to include interprovincial shipment of beer and spirits. Regrettably, the federal government's action to liberalize and modernize interprovincial trade in liquor has been largely frustrated by protectionist measures enacted by several provinces and territories. With few laudable exception (notably British Columbia), it remains largely illegal for individuals to import wine, beer and spirits for personal use from out of province.

It is key to note that first TILMA and then the NWPTA can take precedence in interprovincial trade matters.¹⁸ The spirit, it seems of first TILMA, and now, NWPTA is being eroded: the current climate of

¹⁸ Building upon the TILMA (Trade, Industry and Labour Mobility Agreement, the New West Partnership (NWPTA) continues to take

cross-provincial borders retaliatory legislation, verbiage, and potentially, tariff-like penalties is completely counter to the spirit of economic health and resident benefit envisioned by the NWPTA. A positive outcome of *R v Comeau*, April 2018, may be to discourage cross-border provincial punitive legislation from taking effect.¹⁹

The effect of these protectionist measures is most keenly felt by British Columbia's small and mid-sized producers, who commonly lack the volume and financial resources to sell to provincial liquor boards. As a result, many British Columbia liquor producers are limited in their ability to establish demand for their products in a national domestic market, which makes competition against large international producers more challenging. Interprovincial protectionist measures are also a drag on all producers who would benefit from internet-based sales and direct-to-consumer buying programs that provide better margins and enable more efficient supply management.

Perhaps most importantly, barriers to individual important of wine, beer and spirits are a hindrance to our tourism industry. Many out-of-province Canadian tourists now cannot bring British Columbia's fine wines home to share with their friends and are unable to participate in the wine clubs operated by many of British Columbia's enterprising wineries. Wineries lose because they are challenged to build long-term, loyal relationships with out-of-province customers. Consumers lose because their favourite British Columbia wine is not available to them at home.

As they do in all other industries, barriers to inter-provincial trade in wine, beer and spirits restrict opportunity, stunt growth, and limit consumer choice. Freer interprovincial liquor trade will allow British Columbia's liquor producers to gain access to the national domestic market, improve financial stability of our liquor industry, and help British Columbia companies compete against imported products that have dominated sales in the past. British Columbia's government must take action to ensure that all Canada's provinces follow our lead in allowing individuals to import beer, wine and spirits inter-provincially for personal consumption.

Wineries, free-traders and chambers of commerce, among others, held their collective breath from December 7, 2017 to April 19, 2018 while the Supreme Court debated *R v Comeau*. The opportunity in front of the court was to open up provincial borders to a wide variety of supply chains, including alcohol, cannabis, agricultural products and much more. Instead, the decision essentially maintained the status quo – and Mr. Comeau is still looking for reimbursement for his seized beer bought in Quebec six years ago – taken away without compensation when he crossed back into New Brunswick.

precedence in inter-provincial trade through its many exemptions. The NWPTA created Canada's largest interprovincial free trade zone. It is a ground-breaking economic partnership between the Governments of British Columbia, Alberta, and Saskatchewan. The Agreement has a number of benefits for the three provinces, which include:

- Reduced costs for businesses, governments, and consumers.
- Streamlined regulations through mutually recognizing or otherwise reconciling unnecessary differences in standards and regulations.
- An enforceable dispute mechanism to ensure that each province lives up to its commitments.
- Enhanced competitiveness through the free flow of goods, services, investment, and workers.

The Agreement came into effect on July 1, 2010 and has been fully implemented since July 1, 2013. The Second Protocol of Amendment came into force on December 31, 2015.

19 <https://biv.com/article/2018/04/comeau-loses-case-judgment-good-news-bc-wine>

“Section 121,” said the Court, does not impose absolute free trade across Canada. We further conclude that section 121 prohibits governments from levying tariffs or tariff-like measures (measures that in essence and purpose burden the passage of goods across a provincial border); but, s. 121 does not prohibit governments from adopting laws and regulatory schemes directed to other goals that have incidental effects on the passage of goods across provincial borders.”

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Continue to be at the forefront leading the charge to abolish barriers to inter-provincial trade in wine, beer and spirits; and
2. Continue to persuade and assist other provinces and the Federal government to remove barriers to inter-provincial trade in wine, beer and spirits.

PROVIDING SALARY AND WAGE CONSISTENCY FOR FIRE AND POLICE COLLECTIVE AGREEMENTS BC'S LABOUR MARKET (2018)**Introduction**

There are currently 12 municipalities in BC policed by 11 independent municipal police departments. These municipalities pay 100 percent of their policing costs from local property taxes. These departments are governed by municipal police boards and fall under the Fire and Police Services Collective Bargaining Act.

The current provision in the Fire and Police Services Collective Bargaining Act for an arbitrated resolution provides a process to ensure police and firefighters have a way to settle collective bargaining without jeopardizing delivery of the services they provide. However, the guidelines provided under Section 4(6) of the Act have resulted in collective agreements that are consistently higher than the rest of the labour market in BC. This has resulted in a significantly increased tax burden to residential and business taxpayers in those jurisdictions.

Background

Under the Police Act, municipalities with populations 5,000 and over must provide their own law enforcement by:

- Forming their own police department; and
- Contracting with an existing police department; and
- Contracting with the provincial government for RCMP police services.

There are 63 municipalities in BC that contract with the province for RCMP municipal police services. The RCMP operates stand-alone, integrated and regional detachments across the province.

Twelve municipalities in British Columbia have eleven municipal police departments. They are:

- Abbotsford;
- Central Saanich;
- Delta;
- Nelson;
- New Westminster;
- Oak Bay;
- Port Moody;
- Saanich;
- Vancouver;
- Victoria/Esquimalt; and
- West Vancouver

Prior to 1996, Police and Fire Unions in British Columbia asked the Government to provide legislation that allowed for the right to arbitration to settle collective bargaining on the basis that these employees should never take strike action and jeopardize the safety of the communities they serve.

The *Fire and Police Services Collective Bargaining Act*, passed in 1996, has achieved its primary goal of ensuring police and fire fighters have a way of settling collective bargaining without ever jeopardizing the service they provide.

Section 4(6) of the *Act* provides guidelines to be used by the arbitrator or arbitration board in rendering a decision. This has Legislation has also had the unintended consequence of collective agreements that are consistently higher than the rest of the labour market in BC. Over time this factor has widened the gap between these professions and other employees in BC.

The cost of fire protective services and municipal policing is borne by municipalities whose source of funding are the residential and commercial property owners in their communities and these increasing costs are therefore borne by these people directly.

This legislation has not been the subject of a review for over twenty years.

THE CHAMBER RECOMMENDS

That the Provincial Government undertakes a review of this legislation, and that a consideration be given to including a requirement that an arbitrator appointed under this Act give primary consideration to the local BC Labour Market jurisdiction, including settlements for other unionized employees whose employer is either the Provincial or a BC municipal government.

STABILIZING MINIMUM WAGE HIKES (2018)

Depending on the government of the day, minimum wages either stagnate in comparison to the cost of living, or are increased substantially, to the dismay of employers. Workers either fall behind economically; or business owners, particularly in-service industries, suddenly find themselves facing larger than anticipated payrolls. Indexing minimum wage increases to the Consumer Price Index provides stability and certainty for both worker and owner.

Background

The BC Fair Wages Commission (FWC) Report¹ was released in January 2018. The 3-panel commission recommended that the basic minimum wage be increased to \$15 by 2021. They proposed the following:

Year	Increase (\$)	Minimum Wage	% Increase
June 2018	1.30	\$12.65	11.5
June 2019	1.20	\$13.85	9.5
June 2020	0.75	\$14.60	5.4
June 2021	0.60	\$15.20 ²	4.1

1 Fair Wages Commission’s (FWC) first report, “The Transition to a \$15 Minimum Wage and Subsequent Increases,” January 2018: <https://engage.gov.bc.ca/fairwagescommission/>

2 The additional \$0.20 is optional. The recommendation of the FWC is to consider the increase no less than 6 months in advance. If the economy is doing well, then add \$0.15 to \$0.20; if not, then keep to the \$15.00.

The rationale for “front-loading” the increase is to take advantage of the current, relatively good economic climate. The forecast of economists cannot with any accuracy predict what will occur towards the end of the propose transition period. According to the FWC, their research determined that “minimum wage increases have little or no effect on the over-all employment levels when economic conditions are good” (p.xiii).³

The commissioners, in addition to the increases, had three other recommendations, two of which were to establish a permanent commission and an advisory committee. The last recommendation is to establish “predictable indicators to guide future increases to the minimum wage, such as the CPI...” (p.xvi), among other indicators such as poverty levels or average wage levels. The members of the BC Chamber of Commerce have in previous policies, called for stability of minimum wage increases by indexing to the Consumer Price Index (CPI).

The CPI is a Statistics Canada measurement that is an “indicator of the changes in consumer prices ... of a fixed basket of commodities purchased by Canadian consumers in a particular year.”⁴ The collective difference from one year to the next is the rate indicating an increase in the cost of living.

The CPI is used to adjust pensions, child support payments, and any number of social, welfare or other payment that over time will need to be adjusted to take into account the increase of the cost of living. As it is a statistical measurement, it is a neutral (non-political) tool to ensure increases are no more / no less than that required to cover the averaged increases experienced by Canadians from year to year. For 2017, the CPI for each Canadian Province is:⁵

	Alta	BC	Man	NB	NFL	NS	Ont	PEI	Que	Sask	CAN
2017	1.6	2.1	1.6	2.3	2.4	1.1	1.7	1.8	1.0	1.7	1.6

By indexing the minimum wage to CPI, it protects the workers from increases in the cost of living and preventing erosion in real dollar value compared to inflation.⁶ Freezing wages for any length of time, although politically expedient, is not only harmful to workers, who are able to afford less over time, but is harmful to business, particularly retail and food service industries. Such industries find themselves responding to ad hoc jumps in pay roll costs as governments respond to public pressure and jump wages forward in unrealistic and unsustainable amounts. The CPI as noted above, is different for each province, reflecting the real cost impact of living within that province, therefore a very useful tool for determining raises.

Accordingly, several provinces have indexed their minimum wages to the CPI. According to Services Canada⁷ and several other sources, the minimum wages across Canada are:

3 Table 1 – Minimum wage increases and unemployment rates in BC: 2000-2017, p.8, also support the FWC’s conclusion.

4 Your Guide to the Consumer Price Index, Statistics Canada, 1996 (not updated since), p.1 www.statcan.gc.ca/pub/62-557-x/4194961-eng.pdf.

5 CPI by province, <https://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/econ09a-eng.htm>.

6 Battle, Ken. Canada Social Report: *Minimum Wage Rates in Canada: 1965-2015*, September 2015, www.canadasocialreport.ca/MinimumWages/2015.pdf.

7 Services Canada, Minimum Wage <http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt1.aspx?lang=eng#ftb2-ref>, Wikipedia https://en.wikipedia.org/wiki/Minimum_wage_in_Canada.

	Alta**	BC	Man	NB CPI+	NFL	NWT	NS CPI	Nun	Ont**	PEI	Que	Sask CPI+	Yuk CPI
2017	\$13.60	11.35	11.15	11.00	11.00	12.50*	10.85	13.00*		11.25	11.25	10.96	11.32
2018	\$15.00	12.65		11.25		13.46	11.00		14.00	11.55			
2019		13.85							15.00				
2020		14.60											
2021		15.20											

* Hourly wages from years prior to 2017.

** Ontario and Alberta had, until recently, indexed their increases to CPI. Ontario has indicated that it will index minimum wage to CPI after 2019.

CPI+: These provinces use CPI as one of two or more indicators that are consistently used to determine annual rates.

The FWC noted that the minimum wage recommended for 2020 would be below Ontario and Alberta, who have jumped their wages to \$15 with less transition time. This, they explain, is why indexing BC’s wage to CPI post 2021, is not recommended as other factors may need to be considered (p.32-33).

However, their data reflect sporadic increases of 0% from 2002 to 2011, and increases ranging from as low as 1.95% in 2015, (p.8) to the recommended high of 11.5% this year. While the cost of living in BC is acknowledged to be a challenge for low-income earners, the instability created by “playing catch-up” is unfairly carried by mostly small business operators. Consistent raises based on a statistical index, such as the CPI, are required to develop stability for businesses and their employees.

THE CHAMBER RECOMMENDS

That the Provincial Government indexes Minimum Wage increases to the Consumer Price Index for BC 2022 and subsequent years.

CONTINUUM OF AFFORDABLE HOUSING FOR WORKERS (2018)

The BC and federal governments announced numerous programs and included in their budgets the means to address affordable housing. A mix of incentives, investments, and tools have been suggested which aligned with the intent of previous BC Chamber policies. What is required, however, is to ensure that the programs not only align with each other, but also addresses a continuum of housing needs, particularly for the modest to middle income earners in challenging housing markets.

Background

In a study done by Vancity,¹ the cost of housing was determined to inhibit young workers from coming or staying in the greater Vancouver region. Similar studies have pointed out that the rise of real estate values is greatly outpacing incomes and the gap is growing. Very few workers receive salary increases of 10-20% per year. In fact, Vancity's findings are that salary growth is slowing with the past five years averaging 1.3%. This, claims Vancity, is why Millennials are exiting the Lower Mainland labour market for greener pastures where employment and housing opportunities co-exist. It may also deter in-migration and immigration of skilled workers to locations where skills are required.

There is a gap in the upper-low income and mid-range incomes for rental accommodation. For example, the Lower Mainland's current median income is \$63,000 (most renters fall under the median²), with the median income of a census family in Vancouver at \$79,930³ for 2015. An average 2-bedroom suite is \$1,552⁴ requiring an after-tax income of \$55,872 in Vancouver. The problem is not affordability for Vancity's list of skilled workers, it is a deficit of mid-range lightly subsidized to full market rental units. There is opportunity for developers to reach this market.

Provincially, the Canadian Mortgage and Housing Corporation (CMHC) reports for 2017 that the overall vacancy rate is 1.3%, with the average rent up by 5.8%. Demand is greater (vacancy rate less than the provincial average of 1.3%) for urban/suburban centres and tourist destinations. Corresponding average rents are higher where demand is greater.⁵ Only six locations with a population greater than 10,000 had a vacancy rate greater than 1.3%. The pressure for non-market and purpose-built market rental units is felt throughout BC and can no longer be ignored.

The federal government recently announced the National Housing Strategy⁶, which outlines a number of strategies to provide affordable housing.⁷ However, the funds for the \$4 billion Canada Housing Benefit, in partnership with provincial and territories' governments, won't be available until 2020, and it will focus on lower income earners and social support housing. Further, the Federal Budget proposed to increase the amount of loans provided by the Rental Construction Financing Initiative from \$2.5 billion to \$3.75 billion over the next three years. This, they anticipate, will support the construction of more than 14,000 new modest to middle income units across Canada. The Federal government also proposes to provide

1 Vancity, May 2015. *Help wanted: salaries, affordability and the exodus of labour from Metro Vancouver.*

https://www.vancity.com/AboutVancity/News/MediaReleases/Archives/MediaReleases2015/JobsStudy_May20_2015/

2 Metro Vancouver, 2015. *Housing and Transportation Cost Burden Study.*

3 Census Family median income 2015 <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil107a-eng.htm>.

4 CMHC Vancouver Rental Market Report 2017 <https://www03.cmhc-schl.gc.ca/catalog/productDetail.cfm?cat=117&itm=3&lang=en&fr=1520623797115>.

5 CHMC Rental Market Report, British Columbia Highlights, 2017 <https://www03.cmhc-schl.gc.ca/catalog/productDetail.cfm?lang=en&cat=59&itm=19&fr=1523394982609>.

6 National Housing Strategy <https://www.placetocallhome.ca/>.

7 CMHC: Canadians get affordable housing help, November 2017 <https://www.cmhc-schl.gc.ca/en/corp/nero/nere/2017/2017-11-22-1505.cfm>.

\$113.6 million over five years, starting in 2018–19, to Canada Mortgage and Housing Corporation to expand the Rental Construction Financing Initiative.⁸

While the federal loans are laudable (and long overdue), the focus of investments are at the social to low-income rentals. The recent BC Budget proposed a 30-point plan for housing affordability, likewise focusing on the lower income renters, with some acknowledgement of development through their HousingHub – a collaborative effort across governments and other stakeholders. Part of the plan is to define the problem of housing with a \$5Million, 3-year assessment by local governments housing needs. Again, these are laudable proposals. However, as pointed out, there is a ready market of middle- to upper income earners who are seeking rental units. If there is not a continuum of rental units from supportive, through to market, the demand will continue to cause rapid increases in rent on the few units that are available. Therefore, to provide developers with the tools they need to address this market, a range of tax incentive programs, such as DCCs, property tax, income tax, and capital gains tax incentives, in conjunction with other levers, should be implemented to foster innovative development.

Legislation Reviews

In Vancouver, according to a report released in 2017⁹, there are over 25,000 unoccupied homes (or had temporary occupants), and of those, 8,500 registered for the city's Empty Homes Tax.¹⁰ There is speculation on how many more will receive a tax bill due mid-April. Other cities, particularly urban centres that have numerous condo developments are likely to find many are vacant for much of the year.

With vacancy rates in urban areas experiencing an all time low,¹¹ there is pressure on the provincial and local governments to find ways of opening up these spaces for long-term rent. Vancouver has developed the Empty Homes Tax as a disincentive to owners; however, nowhere does it mention one of the biggest barriers to converting these properties to rentals – strata by-laws that prohibit renting properties to non-immediate family members. A speculation tax as recommended in the BC Budget 2018's 30-Point Plan for Affordable Housing would penalize those who cannot rent out their vacant homes while they are away for more than the 6 months indicated.

On March 26, the Minister of Finance provided further detail for the provincial speculation tax, however, neither the backgrounder or the 30-Point Plan specified whether owners of strata properties would be exempt by virtue of strata by-laws prohibiting or severely restricting rentals. This will need to be clarified in the speculation tax legislation as it would be challenged by Part 8 of the Strata Property Act.¹²

On April 10, the Premier appointed a Rental Housing Task Force to review and provide recommendations to update the Residential Tenancy Act. This is welcomed as the legislation is long overdue for an overhaul; in particular, Part 5 – Resolving Disputes. Overall, if the relationship between landlord and tenant is more respectful, more landowners would be encouraged to make more units available for long-term rentals.

8 <https://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/mupr/rental-construction-initiative.cfm>.

9 Ferreras, Jesse, Global: From 2001 to 2016, over 12,000 more Vancouver homes were left 'empty', June 2017 <https://globalnews.ca/news/3552940/vancouver-empty-homes/>.

10 Little, Simon, CKNW: Census found 25K empty homes in Vancouver. Empty homes tax filings show 1/3 that, March 2017 <https://globalnews.ca/news/4068194/vancouver-empty-homes-tax/>.

11 Ghossoub, Michelle, CBC: BC Cities have some of the highest rents and lowest vacancy rates in Canada, November 2017.

<http://www.cbc.ca/news/canada/british-columbia/b-c-cities-have-some-of-the-highest-rents-and-lowest-vacancy-rates-in-canada-1.4422343>.

12 BC Government News Release – Speculation Tax Details, <https://news.gov.bc.ca/releases/2018FIN0009-000501>.

The BC and federal governments have made great strides forward in putting programs and investments in place to begin to address housing needs for those who are not able to purchase a home. Homes are required for those without a place through to those who can afford but are challenged by a very low rental rate. Without that continuum of housing options, the pressures on any rental unit will continue to cause high rents and low vacancy rates.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Provide tax incentives for developers to build purpose rental market housing for workers, without waiting for the completion of a 3-year study of housing needs assessment by local governments;
2. Ensure clarity for exemptions in the Speculation Tax legislation; and
3. Review the Residential Tenancy Act to ensure it is not discouraging renting out existing properties nor building new properties for the rental market.

ONLINE MUNICIPAL VOTING (2018)

The success of businesses in BC is directly impacted by the policies of our municipal and provincial governments such as:

- Business tax levels, including income taxes, capital taxes, commodity taxes;
- Property tax levels, including the relative proportions to individuals and businesses; and
- Various regulations that impact the efficiency of doing business in the Province and/or community (i.e. employment standards, health and safety standards, environmental standards, insurance regulations).

As a Province, we are looking to create a more successful business environment and economy. Measures such as cost reductions, improving efficiency and reducing red tape are measures to facilitate such success. The current voter participation levels in municipal and provincial elections are extremely low and signal very poor engagement of the constituents. Province wide, in the 2014 municipal elections, turnout according to CivicInfoBC was 33.3%, *hardly a clear representation of public input*. Overall, statistics from Elections BC show a decline in provincial voter participation from 77.66% in 1983 to 55.32% in 2013.

This low turnout poses the following risks:

- Lack of government accountability to implement policies that positively impact business success;
- Implementation of policies that do not represent the will of the majority of constituents, (i.e. biased by minority views); and
- Further voter apathy as voters feel less ability to influence the public policy process.

Internet voting is a method that reduces many potential barriers and therefore can positively impact engagement. Internet voting has strong public support¹. In 2014, both Ontario and Nova Scotia permitted municipal Internet voting, upon approval by individual city Councils. This experience demonstrates the desire of Canadian voters to use technology for the elections process. It also suggests that there is potential over time for further gains in voter turnout.

Historically voter turnout from the younger age groups 18-34 have been low, and that online voting could assist with voter apathy from these age groups.

Internet voting can provide the following direct and indirect benefits:

- provide easier access to time constrained voters;
- reduce overall apathy as voters feel their vote is accurately counted and does in fact have an influence;
- allow business owners, particularly sole proprietors, to improve their accessibility to voting;
- enables people with disabilities to vote by themselves, easily and in secrecy; and
- It is expected that e-voting leads to more reliable results since human error is excluded. Internet voting has not been implemented within BC to date because of concerns such as:
 - a. Internet hacking;
 - b. Technical difficulties;
 - c. Difficulty in verifying voter identification; and
 - d. Lack of evidence that internet voting will increase the turnout at the polls.

In this age of technology, the internet is an accepted method of communicating sensitive and confidential information safely. With the progress of enhanced online security such as blockchain and the governments increase to data protection in Canada, we feel that this would alleviate some of the security concerns that have existed in the past. The business community transacts routinely via the internet with security. Municipalities in Ontario have already demonstrated their ability to design effective and secure systems, and this is constantly improving with audit and verification procedures. In October 2014, about one-quarter of the municipalities in Ontario (98 out of 414) offered internet voting in municipal elections.¹ Voters could choose, which voting channel they wanted to use. The municipality of Markham has already effectively dealt with voter identification with a system that required login to the system prior to registering. The voters were issued an access code and had to provide their address and date of birth to mitigate this difficulty, similar to applying for a homeowners grant.

There may exist new risks with internet voting, but all systems have risks and generally these risks can be addressed and mitigated over time.

In 2012, the Chief Electoral Officer formed the Independent Panel on Internet Voting following an invitation of the BC Attorney General to examine opportunities and challenges related to the potential implementation of internet-based voting as a channel for provincial and municipal elections in BC.² The panel recommended that the Province not implement internet voting at this time. However, it did conclude “that internet voting has the potential to provide some benefits for administering local

¹ According to Ace Project: <http://aceproject.org/ace-en/focus/e-voting/e-voting-opportunities>.

² <http://www.internetvotingpanel.ca/docs/recommendations-report.pdf>.

government elections and provincial elections in British Columbia, and that the most significant potential benefit of internet voting is increased accessibility and convenience for BC voters.” Internet voting is likely to follow the same model, provided that good communications tools are in place to support the success of early adopters. With regards to security, the issues can be overcome with a focus on secrecy of the vote, verifiability, and voter authentication.

The Panel’s report stated that “weighing the benefits and challenges to implementing internet voting in specific circumstances is the role of policymakers.” The Chamber believes that the panel did not take a long-term view in its report. The panel also provided useful recommendations on how the Province can implement internet voting:

- Take a province-wide coordinated approach to internet voting;
- Establish an independent technical committee to evaluate internet voting systems and support jurisdictions that wish to implement approved systems; and
- Evaluate any internet voting system against the principles established by the panel (which includes Accessibility, Ballot anonymity, Individual and independent verifiability, Non-reliance on trustworthiness of the voter’s device(s), One vote per voter, only count votes from eligible voters, Process validation and transparency, Service availability, and Voter authentication and authorization).

If we are committed to reduction of red tape and generating efficiencies, on-line voting can be an effective tool to facilitate such success. By maintaining the current legislation and processes under Elections BC, we are effectively avoiding the opportunities to eliminate unnecessary labor costs and streamline the overall voting timeline process (from ballot creation to completion of count verification and reporting). This could save a significant amount of tax dollars and public resources.

Conclusion

The potential benefits of internet voting can reduce barriers to access and positively align the voting system with other preferred technology increasingly being used by a large component of the population.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Commence a plan to implement a province wide approach to an electronic ballot system for the 2022 municipal elections;
2. Amend the appropriate legislation to allow for the option of electronic ballots in municipal elections; and
3. Establish an independent technical committee to evaluate internet voting systems to ensure the Elections BC criteria are met (i.e. accessibility, Ballot anonymity, Individual and independent verifiability, Non-reliance on trustworthiness of the voter’s device(s), One vote per voter, only count votes from eligible voters, Process validation and transparency, Service availability, and Voter authentication and authorization).

PROGRESSIVE HOUSING SOLUTIONS TO ADDRESS WORKFORCE CHALLENGES (2018)

Background/Overview

The lack of diverse and affordable housing options in parts of British Columbia is having a significant impact on employers and employees. To ensure future economic sustainability, municipalities must “increase the supply and diversity of the housing stock through infill developments, more compact housing forms and increased density³” without delay.

Current Housing Situation

The cost of housing in BC’s major centres is rising. Demand for housing is out growing housing supply in both new builds and available rentals. By 2040, Greater Vancouver’s population is expected to grow by over one million people, requiring over half a million new dwellings⁴. While the Canadian Mortgage and Housing Corporation has noted record housing starts in 2016 and 2017, supply is still not keeping pace with growing demand.⁵⁶

Not only is the price of purchasing a home increasing, but rental vacancy rates across BC are alarmingly low compared to other Canadian regional centres. The overall vacancy rate in the rental market remains below one per cent and the absorption rate for multi-family homes in the Greater Vancouver region is almost 100 per cent;⁷ compared to a 60 per cent absorption rate for single-family detached homes, it is apparent that the supply of multi-family housing is not yet meeting the existing demand.

Impact on Business and Community-At-Large

High demand, coupled with inadequate volume and a lack of diversity of supply, has resulted in soaring housing prices, which threatens to drive away young professionals and hindering the attraction of labour to our province. The inability to attract and retain talent will impact the province’s productivity and competitiveness levels, compromising our economic competitiveness.

Gap Between Population Growth and Housing Supply/Demand

While there is no silver bullet when it comes to improving housing affordability, the province would benefit from initiatives that fall into two areas:

- Increasing housing density in major centres; and
- Streamlining and improving permitting processing procedures.

Increasing Housing Density

Greater Vancouver is one area whose unique geography provides challenges when it comes to addressing housing supply. Physical barriers and legislated land restrictions (Agricultural Land Reserve, Urban Containment Boundary etc.) significantly limit land available for new developments, meaning the majority of the needed increase in our housing supply will need to be in areas where housing already exists. This requires creative housing solutions that balance density with liveability. Despite constrained geography,

3 Metro Vancouver Regional Growth Strategy (2017), Page 46

4 Regional Growth Strategy - Metro Vancouver 2040: Shaping Our Future

5 Canadian Mortgage and Housing Corporation, “Rental Market Report: Vancouver CMA.” 2017

6 Canadian Mortgage and Housing Corporation, “Housing Market Outlook: Vancouver and Abbotsford CMAs,” 2016

7 Ibid.

inefficient land use continues to exacerbate Metro Vancouver’s housing affordability challenges. 63% of residential zoned land is occupied by detached single-family homes, housing a small minority of our total population.⁸ This is unsustainable –building in this manner results in unaffordable city centres. Families and working professionals would be pushed out of the city and further away from their jobs, thereby increasing commute times and emissions.

To maximize the best use of our lands, we must look at options that increase density and diversity in our housing stock. Many municipalities fall short of contributing their pro-rata share of new housing. For example, the number of new housing units built in North Vancouver are far below what they should be contributing to the overall housing stock in the Lower Mainland. If municipalities are required to issue permits for new housing in sufficient volume to ensure they are contributing their fair share of the total, it would go a long way to ease the current shortage. Furthermore, if every municipality was required to issue a certain number of permits each year, they would have to face the tough decisions around where to build new housing and in what form.

Diversity in Housing Form

In order to make more efficient use of our land, we must construct higher density housing known as the “Missing Middle,” which includes, but is not limited to: laneway housing and secondary suites in single-family home zones, townhouses, and apartment multiplexes. The availability of housing units that can support families is also of great concern. Lack of housing options make it difficult for businesses to attract people between the ages of 25 and 34, a highly desirable and productive demographic, that is also the demographic that tends to start families. While some local governments have recently introduced family-unit requirements for new developments, zoning and regulations have created disincentives to build denser family housing styles like townhouses and other higher density housing options. Increasing the number of housing units that can support families while also contributing to density, will need to be a priority for all levels of government, not just to address issues around housing affordability, but also productivity and economic competitiveness.

Processing Time Limits

While increasing the diversity and density of housing supply is one part of the solution to the housing crunch in the province, improving and accelerating the approval process is equally as important. Long permitting times, re-zoning processes and unpredictable outcomes generate uncertainty for development proponents, often stall housing developments and act as barriers to increasing supply of housing.

I know of one application in Vancouver that has been in the process for 12 years! Three years is common place in Vancouver while two years is the norm for Richmond. There is a huge cost to sitting in the development permitting process for all this time. It creates a terrible backlog of projects and deters people for seeking approval for creative designs.

Developers incur significant costs due to the uncertainty, inefficiency and delays. These costs are often passed down to the home buyer, further escalating the already high housing costs and worsening housing affordability. There is an incentive for developers to mitigate these costs and lengthy delays, which may result in undesirable consequences.

⁸ Greater Vancouver Home Builders’ Association and Landcor Data, “Housing Approvals Study: A review of housing approvals processes in Metro Vancouver”, April 2017

If you are going to be stuck in a long process, you do everything you can to try and speed it up. This includes “dumbing down” your project to be similar to others that have already been approved in the hope this will speed up the processing on your application.

Data Collection on Timelines

Regulatory processes at the local government level can take more than a year for new developments, even if rezoning is not required.⁹ These processes, while generally similar, vary across jurisdictions. Currently, there is no consistent empirical way to measure, analyze and compare the development processes. This is a key barrier preventing new efficiencies in the development process.

To properly address lengthy development timelines across, there must be a consistent, empirical system to measure, monitor, and compare timelines and processes across municipal boundaries. If information on development timelines were collected in a consistent and empirical manner, this would provide local governments with the information needed to identify, make changes and address inefficiencies in the development process. There is a role for the BC Government to play a key role in prioritizing and mandating the collection of data and ensuring standardisation for what data is collected and how it is made publicly available.

Concurrent Processes

When the development process is simplified and streamlined according to a set of clearly defined desirable outcomes, development timelines become much shorter. When the timelines are shorter, and the expectations are clearly laid out, homebuilders can invest quickly and with certainty. This allows greater diversity and supply to be added to the market at a rate which keeps better pace with rapidly growing demand.

Concurrency is the practice of processing permits simultaneously rather than sequentially, which can significantly reduce development timelines and improve the time it takes for new housing supply to enter the market.¹⁰ Understanding where duplications exist and working to streamline the permitting process can increase efficiency for both developers and local governments. The BC government should require local governments to achieve concurrency in permit processing.

Conclusion

Housing affordability impacts everyone from young families, seniors, employers and employees. There is an urgent need for the BC government to take immediate action to address the lack of density being built, and the length of time it takes for new housing supply to be built.

THE CHAMBER RECOMMENDS

That the Provincial Government works with local governments to:

1. Set density requirements for development;

⁹ Kenneth Green, Ian Herzog, and Josef Filipowicz, “New Homes and Red Tape: Residential Land-Use Regulation in BC’s Lower Mainland,” Fraser Institute, July 2015

¹⁰ Meg Holden, Sophie Fung, and Daniel Sturgeon, “Getting to Groundbreaking: Residential Building Approval Processes in Metro Vancouver,” Greater Vancouver Homebuilders Association, March 2016

2. Pre-zone for **transit-oriented development** during the planning process for new rapid transit investments;
3. To implement **density bonus zoning** wherever possible and appropriate to encourage diversity and density;
4. Prioritize and mandate the **collection of information**, in partnership with local levels of government to:
 - a. Identify local market gaps in housing supply and diversity;
 - b. Provide a means to compare timelines for development across regions; and
5. Meaningfully reduce development timelines through concurrent permitting for housing types that introduce affordable and diverse housing supply by speeding up the process of enabling supply in the market.

PROVIDING IMPROVEMENT DISTRICTS WITH EQUAL ACCESS TO GRANTS (2018)

The financing and delivery of services such as water, fire protection, street lighting and lake level control are important issues for rural residents and businesses in British Columbia. Across the province, improvement districts, a form of local government (Bish and Clemmens, 2009, p. 70 and Statistics Canada, 2011b) deliver these services to approximately half of the 609,363 people that live in rural areas by.

Government of British Columbia policy, outlined in the Ministry of Municipal Affairs & Housing's Improvement District Governance: Policy Statement, restricts improvement districts from accessing sewer and water infrastructure grants (British Columbia, 2006, p. 12). However, both municipalities and regional districts have access to these grants. This policy aims to shift jurisdiction of improvement district systems to regional districts so that "at some point in time all improvement districts will be under municipal or regional district jurisdiction" (BC Government, 2006, p. 10).

Improvement districts rely on user fees and taxation of property owners who access services to generate capital funds. To access public funding, improvement districts must ask their regional district to apply for funding for infrastructure upgrades, for example to rehabilitate water and sewer systems. If the application is successful, ownership of the system shifts to the regional district.

Some improvement districts across the province find this policy objectionable. The burden this policy places on the residential and business tax base within improvement districts is also of increasing concern to the citizens and businesses in the communities served by improvement districts.

Background

Improvement districts were first created in the Okanagan Valley of British Columbia in the 1920s under the Water Act, with oversight from the Department of Lands (Bish and Clemmens, 2009, p. 68). Improvement districts are different from other forms of government being "specially incorporated, limited-purpose local government that undertakes one or more local services" (p. 69). Until 1965 - 1968, when regional districts were created, most British Columbians living outside of municipalities relied on improvement districts for their local public services (p. 68). In 1979, the legislative provisions relating to improvement districts were removed from the Water Act in recognition that improvement districts had

more in common with local governments than they had with private water utilities. Responsibility for all improvement districts was transferred from the Ministry of Environment to the Ministry of Municipal Affairs.

In 1990, the Task Force on Rural Services and Governance created the *Rural Service Delivery and Governance in BC* report, which was released internally but never published. As an outcome of the report, the ministry started limiting the incorporation of new improvement districts and started a practice of “actively encouraging existing improvement districts to restructure instead” (Local Government Structure Branch, 2000, p. 9). The focus would now be on “reinforcing the role of regional districts as the primary local government for rural areas” (BC Government, 2006, p. 5). This approach also recognized that “both the province and local governments would benefit if the province remained actively involved in local government restructuring processes” (Local Government Structure Branch, 2000, p. 15). An outcome of the rationale for the recommendation to focus on regional districts would later become the government policy around access to funding that “Regional districts have access to grant programs for study and capital cost purposes. Improvement districts do not have direct access to these grants” (British Columbia, 2006, p. 5).

In 2006, the then Ministry of Community Services created the Improvement District Governance Policy which directly references the 20-year-old practice of restricting access to funding as a means of shifting ownership of Improvement Districts to the Regional Districts. However, there were 240 Improvement Districts in the province when that report was written over a decade ago. In April 2017, there were still 211 improvement districts operating across British Columbia, many struggling with rapidly increasing capital cost demands.

Current Situation

Rural and remote property owners served by improvement district pay taxes in return for services. They have an interest in access to funding given the millions of dollars across the province that improvement districts are prevented from accessing for capital repairs and upgrades. In the case of drinking water or fire protection, rural and remote property owners are affected by diseconomies of scale compared to those serviced by regional districts or municipalities. This is due to the infrastructure requirements of their systems and small tax base to draw from for the entirety of their revenue. From a public safety perspective, rural and remote property owners are also affected by funding deficits for capital upgrades that may make drinking water unsafe or fire protection ineffective.

The Government of BC has maintained its policy of encouraging improvement districts to restructure through the restriction of grant funding for capital costs for over two decades. This is a policy issue that the Ministry of Municipal Affairs & Housing is charged with administering and maintaining. The policy argues that improvement districts are not held to the same standard of financial accountability as regional districts. They also do not have the same transparency requirements for the election of trustees. Also, the spectrum of accountability in improvement districts varies. However, some improvements are very sophisticated and voluntarily meet the same requirements around financial reporting and elections as regional districts and municipalities. The provincial government could modify or eliminate its improvement district policy without changing the current legislation. However, legislation changes would be required to increase the statutory accountability of improvement districts in the areas of financial transparency and electoral process.

Regional Districts and Municipalities have their own priorities and infrastructure needs. For example, in 2013 the Hagensborg Waterworks District asked the Central Coast Regional District (CCRD) to consider an

application through the regional district for Community Works funding to address their aging infrastructure. The CCRD replied on February 13, 2014 that this request was denied as the regional district had “so many significant regional district infrastructure issues of its own” (Blake, personal communication, 2014).

The Thompson Nicola Regional District (TNRD) states that any water systems that wish to be acquired “must be financially viable with sufficient revenue to cover ongoing operating costs and future improvements. The reason is to ensure that the water system is financially self-supporting and sustainable for the long term” (TNRD, p. 4). Consequently, improvement districts struggling to operate financially or meet the capital costs of infrastructure repairs or upgrades are ineligible to dissolve into the regional district under this policy. This leaves the improvement district with no alternatives without grant funding other than to increase rates to levels that may not be sustainable, not complete the required improvements, or walk away from the system.

Recommended Approach

There is no published research to support that service or cost efficiencies will be improved by amalgamation. A comprehensive review of the effect on rates when improvement districts merge with regional districts would provide specific and credible data to inform those improvement districts contemplating whether to voluntarily dissolve into a regional district or municipality. The research would determine whether there are positive or negative effects on user rates and whether (and where) conversion is desirable or likely to improve efficiency and service quality.

Second, some improvement districts have voluntarily met the same increased standards of public accountability and fair elections as regional districts. These improvement districts should no longer be restricted from applying for sewer and water infrastructure grants and be permitted to compete on an even basis for funding with regional districts and municipalities. To support this process, an eligibility list would be created by the Ministry of Municipal Affairs & Housing that identifies those improvement districts which seek funding and have voluntarily met increased standards of public accountability and fair elections. In the alternative to voluntarily meeting these requirements, a legislative change may be enacted to create another form of improvement district with the statutory requirement to meet increased thresholds of accountability and transparency in finances and elections.

Conclusion

The BC Government’s long-term objective to eliminate improvement districts as a form of local government will take more than a generation to complete. However, there is also a strong likelihood that it will never be fully successful. The policy is over 20 years old, has not received a comprehensive published review since 2006 and improvement districts across the province are seeking change. It is time to conduct a review to determine the policy’s relevance and if objectives are still being met.

Furthermore, improvement districts, with their volunteer structure and high level of business representation on the boards, do not form an additional costly bureaucratic layer of government. In fact, they are an efficient means to deliver a critical infrastructure service that supports local economies. As a specialized form of local government, improvement districts have less hierarchy and bureaucracy which leads to more efficient focus on service delivery.

Research demonstrates that unit costs in small communities tend to be significantly higher than in large ones. This places an unfair burden on smaller improvement districts to deliver essential services at a comparable cost to municipalities or regional districts. Furthermore, municipalities and regional districts

have access to grants such as the federal gas tax transfer which improvement districts do not. This puts rural and remote residents of BC served by improvement districts at a disadvantage.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Conduct a comprehensive review of the effect on rates when improvement districts merge with regional districts; and
2. Create an eligibility list for improvement districts that have voluntarily met the same standards of public accountability and fair elections as regional districts to compete without restrictions for funding.

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KEEP THE SAME DATE FOR BC FAMILY DAY (2018)

Summary

Since its inception in 2013, Family Day in BC has always been on the second Monday of February. In 2012, a two-week consultation process was held in order to determine if British Columbians preferred the holiday to fall on the second or third Monday in February.

Background

On May 28, 2012, it was announced that Family Day would be observed on the second Monday in February each year, starting February 11, 2013. As this does not coincide with the USA Presidents Day Weekend, it also provides two consecutive long weekends for tourism, particularly at BC's many ski resorts.

On February 9, 2018, the British Columbia Provincial Government announced that Family Day would be moved to the third Monday in February of 2019, to align their holiday with the rest of those provinces who observe it on that Monday.

Facts:

- This holiday helps drive the province's visitor economy, which supports nearly 19,000 business and over 127,000 employees;
- B.C. Family Day is one of the top performing business periods of the year for many of BC's holiday destinations;
- Generation 7-10 million in incremental visitor spending per winter for Ski area's alone;
- BC Family Day has extended the opportunity to generate significant revenues for seasonal businesses and communities over two consecutive weekends that include Presidents day (USA) and Family Day in neighboring provinces; and
- BC residents benefit from the current timing with smaller crowds and better rates at many resorts, accommodation providers and other tourism businesses. Conversely, the third weekend in February (Presidents Day) is one of the busiest and most expensive periods of the year, with most resorts fully booked by both Canadian and American visitors.

Although the current BC Family Day falls out of line with most other provinces in Canada, it is for a good reason. BC is a winter destination for all visitors, and by having Family Day offset by one week to the rest of Canada, this allows our BC residents the opportunity to enjoy our day with more available accommodations and at a much more affordable cost. This also allows our BC resorts and businesses to enjoy a second long weekend in a row with enhanced traffic.

THE CHAMBER RECOMMENDS

That the Provincial Government maintains BC Family day on the second Monday in February each year.

MAXIMIZING TAXPAYER DOLLARS ON PUBLIC INFRASTRUCTURE PROJECTS AND DEFENDING THE RIGHTS OF BC COMPANIES AND WORKERS

Opening Statement

In March of 2018, NDP Premier John Horgan promised¹ that restrictive ‘Project Labour Agreements’ (PLAs) will be applied to all future public infrastructure projects, ensuring that contractors who are signatory to the BC Building Trades Unions (BTU), and their members will have exclusive access to working on those projects. Horgan claimed that this process will result in the ‘best bids’ and that this process will maximize the benefits local communities receive from these projects as well as the number of women, youth, and indigenous people being trained and working on these projects. However, when such restrictive PLAs are looked at more closely, we see that they can drive up costs if they reduce competition and unfairly restrict BC companies and employees from working on public infrastructure. Furthermore, commercial agreements have become the norm in construction and all the benefits alluded to above can be realized while maintaining an inclusive, competitive bid process open to a variety of construction models, contractors, workers and unions. In order to maximize taxpayer dollars on public infrastructure projects and ensure that all qualified BC companies and employees can work on and benefit from these projects, an open and fair tendering must be the process by which governments tender public projects.

Background

The BC Government is considering entering into an agreement with the BC Building trades that would give them exclusive right to represent workers on Public Projects. The BC Government has also instructed BC Hydro to build all future Hydro Projects using ‘Closed Shop’ or ‘restrictive’ practices, such as only workers with companies affiliated ‘Allied Hydro Partners’. That group represents less than 20% of the total construction sector.

There is significant evidence demonstrating that restrictive tendering, such as those PLAs and CBAs being considered by the NDP, can result in a 20% to 30% cost increase for bids on public infrastructure projects.² With \$25 Billion dollars of work planned over the next 3 years that amounts to an increase cost -- or less infrastructure built -- to the tune of \$5 billion to \$7.5 billion. That’s \$2.5 billion less every year for schools, hospitals, bridges and roads.

An important element is understanding how restrictive PLAs/CBAs actually force businesses to adopt foreign business models, decreasing efficiencies and stifling innovation. The most recent example, and one that has been used a model for future projects in BC, is the Vancouver Island Highway Project (VIHP). The VIHP used restrictive PLAs. Two separate government crown corporations were set up to manage the project: (1) VIHP would manage and the contracts for engineering, procurement and construction of the project, while (2) Highways Contractors Ltd (HCL) was created to be the ‘employer’ of the workers and would supply all contracts with their labour. HCL entered into a collective agreement with British Columbia Highway and related Construction Council - essentially the unions who were part of the BTU. Any one

¹ <http://vancouversun.com/opinion/columnists/vaughn-palmer-horgan-to-pay-it-forward-with-projects-for-trade-unions>

² <https://www.cardus.ca/research/workandeconomics/publications/4290/hiding-in-plain-sight-evaluating-closed-tendering-in-construction-markets/>

who wanted to work on the VIHP would have to join the BTUs and would be allocated by HCL. Any companies who bid for work on VIHP would have to accept BTU terms and work arrangements.

For instance, in the BTU model, each ‘craft’ (electrician, plumber, etc.) is a separate jurisdiction with exclusive right to perform various tasks; i.e. only pipefitters can carry pipe. These jurisdictional barriers create significant inefficiencies. Moreover, many companies work in ‘wall-to-wall’ or ‘all employee’ bargaining arrangements that do not have these artificial boundaries and only restrict what tasks and worker can do based on safety. So, electricians in wall-to-wall companies don’t have to wait for a labourer to move that lumber on the floor before they can start work. This is one of many innovations non-BTU companies have been able to adopt that increase efficiencies, productivity and make them more competitive. By forcing these companies to work under BTU arrangements, they are forced to not use their existing business model. To say that ‘all companies can bid on these project, but they cannot bring their business model’ is to essentially restrict them from bidding in the first place.

Furthermore, more than 80% of all construction workers are not in Building Trade Unions, and most of them have consciously and democratically chosen to either work in “non-union” or ‘progressive union’ workplaces. A few of the reasons why workers don’t want to join the BTU are to do with a lack of confidence in their pension, poor workplace culture, limited opportunity for career development due to jurisdictional issues between craft unions, initiation fees, non-working dues and, higher monthly dues overall. To force these workers into a BTU model against their expressed choice is a violation of their rights. Basic rights of Freedom of Association protected in the charter and a worker’s right to unionize or not protected in the BC Labour Code are being challenged by this new agreement signed between the BC Government and the BC Building Trades.

THE CHAMBER RECOMMENDS

That the Provincial Government should maintain or reinstate a fair and open tendering process for all Public Infrastructure projects including BC Hydro Projects.

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TRANSPORTATION CONNECTING THE NORTH SHORE AND METRO VANCOUVER: QUANTIFYING THE ECONOMIC IMPACT AND DEFINING THE SOLUTIONS (2018)

Introduction

Efficiently moving people and goods is essential for economic growth and for building healthy communities. The economy and employment of the North Shore, the Sea to Sky and Sunshine Coast communities are inextricably linked to that of Metro Vancouver. However, the current transportation infrastructure connecting the North Shore to the rest of Metro Vancouver is inadequate and is stifling the economic sustainability of the port, of industry, of tourism and the viability of business in the entire region.

A comprehensive study is required to define the economic impacts of the existing transportation infrastructure deficit on competitiveness, productivity and economic growth in the region, and to define and evaluate specific transportation technologies and routes linking the North Shore to Metro Vancouver which will bring the greatest economic benefit to the region.

Background

The number one issue for North Vancouver business is transportation.

Traffic congestion on the North Shore is a well-known problem to businesses, residents and elected officials. Through extensive business and community consultation, the NV Chamber has confirmed that this is the number one economic issue here, and that it is significantly impacting current business operations including long-term investment decision-making on the North Shore and the entire Sea to Sky economy. The traffic congestion creates significant barriers and delays for employees getting to work from other metro Vancouver municipalities and for the significant goods movement on the North Shore.

The North Vancouver Chamber (including Economic Partnership North Vancouver) has conducted extensive consultation in the development of support for this initiative. The opinions represented here are directly supported at the CEO/owner/executive-level by businesses that provide approximately 2/3 of all employment in North Vancouver. It also includes consultation and support from the Chambers in West Vancouver, Squamish, Whistler and Pemberton. These include major regional sector leaders and employers such as:

- Seaspam
- Arc'teryx
- Neptune Terminals
- BlueShore Financial
- North Shore Studios
- Capilano Suspension Bridge
- Port of Vancouver
- Business Development Bank of Canada
- Darwin Properties
- Quay Property Management
- Vancouver Coastal Health
- Western Stevedoring
- Capilano University
- North Shore Auto Mall
- Hatfield Consultant
- District of North Vancouver
- City of North Vancouver
- Squamish Nation
- Tsleil-Waututh Nation

Our significant consultation to date includes the following:

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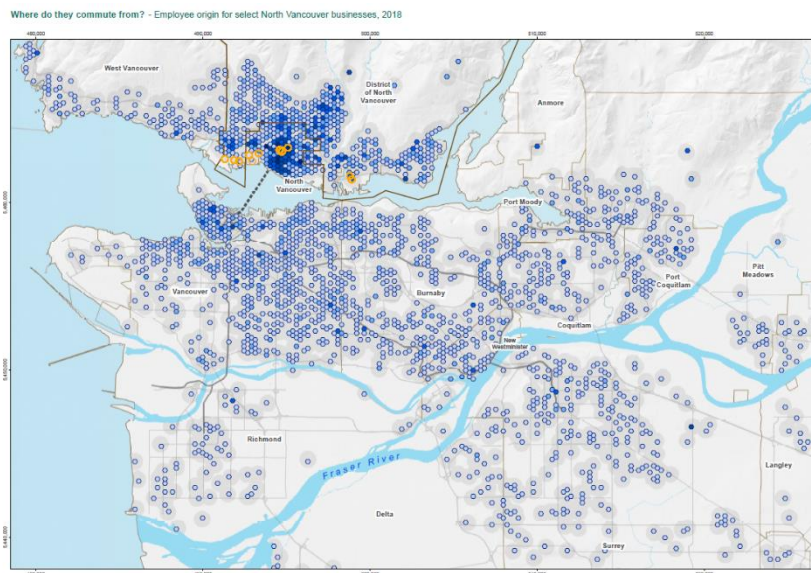
1. “Economy in Gridlock” transportation forum (November 2017) with panelists CEO TransLink, CEO Seaspan, VP Arc’teryx, SFU Professor.
2. Business Survey Results (December 2017):
 - 84% said transportation negatively affects their ability to attract employees;
 - 95% said traffic negatively affects their ability to move to and from North Vancouver.
3. Transportation Summit (January 2018) to present results from our transportation survey to:
 - a. Mayors from City of North Vancouver, District of North Vancouver, West Vancouver;
 - b. MLAs from the North Shore and Sea to Sky ridings;
 - c. MP from North Vancouver (Jonathan Wilkinson);
 - d. TransLink CEO, Kevin Desmond.

Local, regional and national economies depend on reliable access to and from the North Shore.

Local economy: The North Shore has a truly diverse economy that employs and attracts people on a daily basis from across Metro Vancouver. It boasts:

- A thriving port, a large healthcare sector, a successful film industry, an innovative tech and manufacturing sector, and a large base of entrepreneurial, home-based businesses;
- It is also Two of the top three tourist attractions in BC, drawing 2.5 million visitors annually¹;
- Capilano University, which enrolls over 11,600 students annually²;
- Seaspan, the largest manufacturer in Metro Vancouver, with 2,650 employees.³

The following heat map illustrates where employees travel from when commuting to North Vancouver:



1 Business in Vancouver, <https://biv.com/datatables/biggest-tourist-attractions-bc-2018>

2 Capilano University, <https://www.capilanou.ca/about/>

3 Business in Vancouver, <https://biv.com/datatables/top-100-biggest-manufacturers-metro-vancouver-2018>

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Regional Economy - Corridor to Sea to Sky/Sunshine Coast:

The North Shore plays a vital role in traveller and visitor access to BC's recreation and tourism communities:

- The North Shore is the link to Whistler, consistently rated as a world class, year-round destination community, attracting over 2.5 million unique visitors and generating nearly \$1.3 billion in consumer spending per year. This represents 22% of BC's provincial export tourism economy.⁴
- Reliable transportation options are critical for Whistler, Squamish and other growing economies on the Sea to Sky corridor, the Sunshine Coast and Vancouver Island.

National Economy - Federal Port:

The North Shore is strategically located and serves Canada as one of the largest multi-commodity ports in the world:

- The Port of Vancouver employs people who live and commute to work from across the Metro Vancouver and the entire region. The movement of goods and commodities through North Vancouver from BC and other provinces plays a prominent role in regional and international trade, with the Port of Vancouver handling nearly 136 million tonnes of cargo in 2016. This cargo throughput is valued at \$202 billion, which equates to approximately 19% of Canada's total foreign trade.⁵

We know we need an investment in transportation infrastructure. The first step is quantifying the problem and defining the solution.

Transportation infrastructure requires significant investment. Construction costs for urban rail projects around the world vary widely, from \$40 million to \$4 billion per kilometre^{6,7} depending on a number of variables.⁸ One option, fixed-link rapid transit to the North Shore, would likely have a similar order of magnitude to the 6-kilometre long Millennium Line Broadway Extension, which is estimated to be \$1.98 billion, or \$330 million per kilometre.⁹

Transportation infrastructure is one of the pillars of competitiveness that determine how productive and prosperous a region, and country, is.¹⁰ Today congestion takes a major toll on our productivity by slowing the movement of goods and people. The visible costs of congestion in Metro Vancouver – excess vehicle crashes and wasted time in traffic – are estimated to be \$500 million per year. This figure does not include wider economic costs, such as workers who don't take jobs best fit for them, businesses who draw from

4 Trade and Invest British Columbia, <https://www.britishcolumbia.ca/invest/communities/british-columbia/lower-mainland-southwest/squamish-lillooet/whistler/>

5 Port of Vancouver 2016 Economic Impact Study, <https://www.portvancouver.com/wp-content/uploads/2016/05/2016-Port-of-Vancouver-Economic-Impact-Study.pdf>

6 US Rail Construction Costs, Pedestrian Observations, 2011, <https://pedestrianobservations.com/2011/05/16/us-rail-construction-costs/>

7 The Costs of Tunneling, Greater Auckland, 2016, <https://www.greatauckland.org.nz/2016/10/05/the-costs-of-tunnelling/>

8 Comparison of Capital Costs per Route-Kilometre in Urban Rail, European Journal of Transport and Infrastructure Research, Aalborg University, 2008, http://vbn.aau.dk/files/14076659/Comparison_of_Capital_Costs.pdf

9 Regional Transportation Investment: A Vision for Metro Vancouver, Mayors' Council on Regional Transportation, <https://tenyearvision.translink.ca/downloads/10%20Year%20Vision%20for%20Metro%20Vancouver%20Transit%20and%20Transportation.pdf>

10 The Global Competitiveness Report 2014-2015, World Economic Forum, http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2014-15.pdf

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a shallower pool of workers than they would otherwise, and companies with unique offerings that do not have ready access to a broad market.¹¹

To understand the true economic cost-benefit of transportation infrastructure investment linking the North Shore to Metro Vancouver, we need to quantify the economic impact of the existing transportation infrastructure deficit on competitiveness, productivity and economic growth, along with the costs of specific solutions.

The BC government has recognized the need for better coordination on transportation planning.

The North Shore Integrated Transportation Planning Project led by North Vancouver Lonsdale MLA Bowinn Ma, Parliamentary Secretary for TransLink, is an initiative is underway to address the transportation problem on the North Shore. It is a step in the right direction, but its recommendations for prioritization of investment and the timeframe for action are unclear.

THE CHAMBER RECOMMENDS

That the provincial government expeditiously invest in a study to:

1. Quantify the economic impacts of the existing transportation infrastructure deficit on competitiveness, productivity and economic growth for the North Shore, Sea to Sky and Sunshine Coast communities; and
2. Define and evaluate specific transportation technologies and routes linking the North Shore and Metro Vancouver, including a fixed-link rapid transit connection, in order to determine the appropriate solutions with the greatest economic benefit to the region.

¹¹ Tackling Traffic: The Economic Cost of Congestion in Metro Vancouver, CD Howe Institute, March 9, 2015, <http://cleanenergycanada.org/wp-content/uploads/2015/03/TacklingTrafficCDHoweInstitute.pdf>



BC Chamber of Commerce

Know what's on BC's mind.

POSITIONS

ON

SELECTED FEDERAL ISSUES

2018

CANADIAN FOOD INSPECTION AGENCY LIMITS EXPORT OPPORTUNITIES FOR CANADIAN BUSINESS (2018)

Summary

Canadian Food Inspection Agency (CFIA) recently put out a Proposal – Maximum Chemical Contaminant Levels in Livestock Feeds. This proposal included several initiatives which are harmful to businesses and will have the effect of reducing trade opportunities by prohibiting the export of certain products to countries despite the fact that the products meet those country's requirements for import. In addition, regulatory changes were implemented without review and consultation by the industry. Intervention in this process is needed to maintain current trade opportunities and protect the competitiveness of Canadian businesses.

Business Case

The CFIA's recently released proposal includes several components that are problematic, even devastating for Canadian businesses involved in the manufacturing of livestock feeds.

First, the proposal sets a maximum contaminant level for dioxins in livestock feeds based on a survey of available products. A more robust scientific approach should be taken which would set maximum contaminant levels using a risk or safety analysis methodology as set out by CODEX, an international group that has been formed to advise governments. The methodology includes completing the analysis based on total feed, which would include 2% of the total from anticaking agents as opposed to 100% of the ingredient. The methodology also includes the bioavailability of the material, or the amount of the dioxins that are available in the digestive system and the amount of the dioxins that are actually absorbed by the animal. The FDA in the United States also has taken a stand against the method used by CFIA as it is seen as arbitrary and can lead to less food/feed being available.

The move to incorporation by reference of any documents including regulatory guidance action levels to impose regulatory limits, without a full review and consultation with industry and other interested parties is a significant change. This proposal is a means of the agency creating regulations without any oversight. A limit for a substance could be set by a guidance document and it immediately becomes law through incorporation by reference without the need for industry input or any reviews by the groups being regulated or by the elected government. Without proper oversight, this move could have a significant effect. At this point the oversight regulations and methods of proceeding have not been released

CFIA's proposed prohibition of the export of livestock feeds/ingredients that do not meet the Canadian standards, even where the importing country has differing tolerances and standards or methods of regulating the contaminant. This proposal would mean that if the product did not meet the Canadian standards and testing methods, the product could not be sold anywhere in the world. The proposal has the effect of Canada determining its standards as the standards for every other country. As an example, a product that cannot be sold in Canada could not be sold in the USA, because that product would meet the USA regulations and the FDA allowed importation. At this stage the concepts of not allowing products not licensed in Canada are still there but there are some moves to allowing more exports without any draft regulations.

In their second report, 'Unleashing the Growth Potential of Key Sectors,' the Finance Minister's Advisory

Council on Economic Growth noted that Canada has the potential to become the second largest agricultural exporter in the world. The Council identified a need to attract more foreign direct investment and use regulatory levers to remove obstacles to growth in the sector. Without amendment, these regulations will have the opposite effect by making it difficult for some livestock feed ingredient manufacturers to export to our largest trading partner. They may also incent Canadian companies focused on exporting a product that is no longer meeting Canada's new standards to shift their manufacturing to the country they export to. None of these proposed changes are in the best interest of industry or Canada.

The issue is, should Canada set the standards for other countries or should other countries set their own standards and be allowed to import whatever products they wish to import. As an example, the United States, through FDA, has determined that no limits are set for dioxins but will test when there is an issue ("find and fix strategy"). Under the proposal, Canada could prevent all shipments of products not meeting Canadian standards, even though FDA has reviewed the product and has determined it should be allowed for use in the United States.

The imposition of Canadian regulations on products being exported to countries that will set their own rules and regulations concerning imports is not an area in which CFIA should be concerned.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Complete a thorough and substantive review of the testing procedures for consistency of methodology and to make sure the methodology is based on science;
2. Instruct CFIA to limit its enforcement policies to products sold in Canada for Canadian consumption and not apply Canadian Standards for products that are marked for export;
3. Treat all chemicals listed in the proposal consistently, as components of total feed, in accordance with Section 19(j) and (k) of the Regulations for the Feed Act;
4. Immediately provide for a challenge procedure so that new or unique products can be shown to be safe for the use intended;
5. Strictly limit the use of "incorporation by reference" to cases such as adding a new product to the allowed list of products for use in livestock feeds; and
6. Allow all exports of products to countries where the product meets the import regulations and keep exports from being regulated by CFIA.

REALIZING THE POTENTIAL OF AQUACULTURE IN BC (2018)

Aquaculture is the fastest growing agri-food industry in the world. The United Nations Fisheries and Agriculture Organization has estimated that global aquaculture production will outpace commercial fisheries by 2030.

As outlined in a report by the BC government, the aquaculture industry accounted for over 65% of the total landed value of BC seafood in 2016 (\$776.8 million), and farm-raised salmon is the top seafood commodity.

There are serious challenges facing the aquaculture industry in Canada and BC in particular.

Salmon farming has grown to take its place as the province's largest agricultural export, generating \$1,561.9 million in economic output according to MNP's 2017 Economic Impact study. It provides stable, year-round employment for 6,600 men and women, in direct and supply and service jobs, largely in coastal communities where other opportunities are limited. The industry makes an overall contribution to BC's GDP of \$557.8 million, comprised of \$248.0 million in direct, \$218.8 million in indirect and \$91.0 million in induced impacts. Aquaculture in B.C. generates about 6,610 Full Time Equivalents (FTE) of employment, comprised of 2,966 FTE in direct activities, 2,716 FTE in indirect jobs and 928 FTE in induced activities. These jobs created \$223.3 million in total labour income in 2007. Total direct labour income was \$78.4 million, resulting in average income of \$35,250 per FTE employed in direct aquaculture activities. Indirect income earned by those employed in support industries was \$95.1 million, with average incomes of about \$40,900. Those employed in induced activities in the broader economy earned \$50.4 million, for an average income of \$35,700. Many of these jobs and the resulting income go to BC's Indigenous communities.

Until 2010, aquaculture in BC had been a shared jurisdiction between the provincial and federal governments and involved a number of government agencies. For example, DFO is the lead federal agency for aquaculture but there are a number of other federal departments and agencies involved in the regulatory process, including Health Canada, the Canadian Food Inspection Agency, Transport Canada, the Department of Foreign Affairs Trade and Development, Environment Canada, and Agriculture and Agri-Food Canada. This mix of government agencies has created, and continues to create, issues for the managed growth of the aquaculture sector. For example, applications for operational changes within approved tenure boundaries may find companies waiting years for regulatory approval. This results in the loss of use of farms and therefore an inability to plan the hiring and training for new employees, inability to purchase new equipment and most importantly, the loss of future investment due to lack of investors' confidence.

As a result of the 2009 Hinkson Court decision, the regulatory authority for the aquaculture industry has shifted from the Provincial to the Federal Government. The transfer of authority has revealed that there is a gap in legislation when it comes to aquaculture. A federal Aquaculture Act would establish national environmental standards, clarify industry responsibilities, and codify a proud legacy of environmental stewardship.

Appropriate legislation would recognize in law the long-standing reality of aquaculture as a legitimate caretaker of Canada's aquatic resources. It would support efforts to ensure a modern industry and build on an already impressive record of safety and sustainability. The introduction of this legislation could help facilitate the currently ad hoc regulatory changes coming forward from DFO and would enable Canada to realize its full potential, creating new jobs and expanding opportunity in an industry that can be socially, economically and environmentally sustainable.

The aquaculture industry has been the subject of strongly divergent research and opinions, not all of which is based on legitimate and responsible research. Incorrect and misleading information should not stop the further development and expansion of aquaculture farming in BC. Business needs clarity in legislation solutions to move forward with confidence and for continuation of the industry.

THE CHAMBER RECOMMENDS:

That the Federal government work with the Provincial government to:

1. Provide fair and timely access to long term tenures for the aquaculture industry;
2. Ensure that Federal consultation with First Nations clarifies and is beneficial to resolving context that meets the collective needs of the industry and First Nations people for timely decisions;
3. Support efforts to build public confidence in aquaculture management and place a focus on science and solution; and
4. That the federal government through regional engagement, develop a federal aquaculture act, to establish national environmental standards and clarify industry responsibilities.

EXCLUDING REAL ESTATE FROM PASSIVE ASSET TAXATION IN PRIVATE CORPORATIONS (2018)

Opening Statement

The availability of affordable residential real estate has become a concern in many local communities and is now a priority for both our provincial and national governments. Likewise, small business owners rely on the availability of commercial real estate, which has increased in value in many of our communities. An opportunity exists for the federal government to support and even promote investment in both commercial and residential real estate rental projects by providing tax incentives for private corporations to invest in such real estate. However, the opposite has happened. Since July 2017, the federal government has expressed concerns that private corporations have gained an unfair tax advantage by retaining after tax corporate income in corporations in the form of passive investments, and they have proposed to limit the amount of income that can be earned from passive investments. In the February 2018 federal budget, the government has proposed new rules that will grind down a private company's access to the small business tax rate if the net passive income earned exceeds certain thresholds. Given that income earned from the rental of real estate is often "income from property" or "passive income", these new rules may penalize business owners who do invest in commercial or residential rental real estate, creating a disincentive for investments in real estate assets that can contribute to housing solutions and economic growth.

Background

How passive income is taxed in a private corporation (including passive real estate investments) and what the federal government wants to accomplish

Currently, passive income earned in private corporations is subject to a refundable tax mechanism to incent shareholders to flow that passive income out to shareholders in the form of dividends. When done, the private corporation will receive a "dividend refund" of the refundable tax paid that exceeds the personal tax that the shareholder will pay on the dividend received, even if taxed at the highest marginal personal tax rate. That said, the federal government does earn approximately 4% more total combined tax between the corporation and the individual when passive income is flowed through a corporation, as perfect tax integration is not achieved.

Despite receiving this additional 4% tax, the federal government has expressed concerns that private corporations have gained an unfair tax advantage by retaining after tax corporate income in corporations (at either the small business tax rate currently at 12% in BC or the regular corporate tax rate currently at 27% in BC) in the form of passive investments. Since July 2017, the federal government has indicated they would like to limit this advantage. Initially they proposed to eliminate the dividend refund (potentially resulting in almost 70% combined corporate and personal tax) if the monies invested could be tracked to pools of after tax profits created from active business income that was initially taxed at these low corporate tax rates. However, after significant push back from the business community and chamber network, in October 2017 they indicated that they would incorporate a threshold to allow small business owners to earn up to \$50,000 per annum in passive income before losing their dividend refund, and they would grandfather existing passive assets from these new rules. The target of \$50,000 represents a 5% return on \$1,000,000 in passive assets, an amount considered adequate for business owners to save for retirement or build cash reserves for reinvestment or for contingency purposes. In the February 2018 budget, the Minister proposed to abandon the proposals to track the source of assets and to eliminate

the dividend refund. However, the proposal was replaced with an alternative mechanism (including draft legislation) to accomplish a similar objective – to limit the amount of passive income earned in private corporations so that private business owners would not want to retain too much after tax paid profits from business operations in passive investments. Unlike the first set of proposals, the new proposals do not change the way passive investment income is taxed. Passive income will continue to be subject to the same refundable tax and dividend refund mechanism that has existed historically (*subject to a new requirement to track two different refundable dividend tax on hand pools*). Instead, the new proposed rules will reduce a private company’s access to the small business tax rate on its active business income if the net passive income earned is between \$50,000 and \$150,000 per annum, with a full loss of the small business rate if passive income exceeds \$150,000 per annum. These thresholds must be shared with associated companies, if applicable. In other words, each company in the associated group does not get their own \$50,000 to \$150,000 threshold.

Real Estate – “active” or “passive” (and therefore rental income “active” or “passive”)

It is important to understand what types of real estate rental are passive rather than active, and how the same piece of real estate can be classified differently from passive to active or vice versa, with or without changes in ownership of the real estate or whether corporations are “associated.”

Income earned from the rental of real estate (“rental income”) is generally “passive” under the income tax act (“ITA”) unless it meets certain criteria to be “active business income”. Active real estate assets or “active” income general includes:

- Provision of other goods or services with the real estate – for example, a hotel, B&B, etc.;
- Use in an active business operation – for example, office, factory, retail store, warehouse space;
- Property that meets the exclusions of “specified investment property”, for example, where more than 5 employees are employed by a corporation involved in commercial real estate management; and
- Rental of real estate to an “associated” corporation – deemed as active.

What is an associated group of companies?

There are 5 technical rules in section 256(1) of the ITA that define if companies are associated. These rules generally fall into two categories, involving: corporations with common control, or corporations with one or more related shareholders if the related shareholder(s) own(s) at least 25% of each corporation. These rules also consider the definition of “related persons” (section 251 of ITA) and the concept of control.

The table below illustrates some common examples:

Type of real estate rental	Active or Passive	Explanation
Long term residential real estate for investment purposes	Passive	

<p>Residential real estate purchased for employees</p> <ul style="list-style-type: none"> • But rented to other tenants / not needed for your own employees 	<p>Active</p> <p>Passive</p>	<p>Housing needed for staff is used to support your active business</p> <p>No longer used in your active business (if very brief periods of time between housing your own employees you may be able to argue that the 3rd party rental is incidental to the main purpose of providing employee housing, but risky)</p>
<p>Commercial real estate rented to third parties</p>	<p>Passive</p>	
<p>Commercial real estate in one corporation you own (RealCo), rented to another corporation you own (OpCo)</p> <ul style="list-style-type: none"> • If OpCo sold to third party, you retain RealCo now rent to a third party 	<p>Active</p> <p>Passive</p>	<p>Deemed active – associated companies. Allows business owners to segregate their active real estate assets from their active operations without being penalize</p> <p>No longer associated or “deemed active” (in many business transitions, purchaser cannot afford to buy both OpCo and RealCo)</p>
<p>Commercial real estate in corp. owned by 3 equal shareholders (RealCo), rented to another corporation the 3 own (OpCo)</p> <ul style="list-style-type: none"> • But if 1 shareholder buys out his 2 partners from the OpCo; with all 3 still owing RealCo 	<p>Active</p> <p>Passive</p>	<p>Associated, Deemed active, as above</p> <p>The companies are no longer associated as the remaining shareholder in OpCo only owns 1/3 or RealCo; therefore, not deemed active.</p>
<p>Commercial real estate in corp. where portion is rented to an associated corp. with the other portion to a third party</p>	<p>Both</p>	<p>Portion rented to associated corp. is “deemed active”</p> <p>Portion rented to third party is “passive”</p> <p>(Note this is an example where an active business has both active & passive real estate and now be subject to SBD grind down)</p>
<p>Corporation has the opportunity to purchase the real estate it leases from landlord, for its own active business but landlord insists that more units or sq.ft. must be purchased than what the corporation needs.</p>		<p>Prorated as above</p> <p>Purchaser is subject to the SBD grind down</p>

Corporation buys all the real estate to secure its operating business with plans to rent out the space that is not needed to third parties	Both	
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What are the challenges / missed opportunities of the new proposals?

The proposals are simpler but seem to target the wrong group of businesses

- Private corporations that only own passive investments (for example, no longer have any active business) will not be impacted by these new proposed rules while those with active business operations that currently qualify for the small business rate will be impacted if they exceed the proposed active business thresholds;
- Furthermore, the private companies that are still operating active businesses contribute to the economy by providing jobs, earning profits and paying tax dollars, therefore access to the small business rate is important to promote investment and growth; and
- This result does not seem to achieve the federal government’s goal to limit the impact to only the top 3% of businesses and to avoid impacting businesses that reinvest after tax profits back into the business (by allowing them to maintain access to SBD rate).

The passive investment thresholds are too low and not feasible for real estate investments

- The thresholds started with a philosophy that \$1,000,000 of passive asset investment is a reasonable compromise to allow business owners to save for contingencies, growth and/or retirement, which equates to \$50,000 of income at a 5% return; and
- For cash and portfolio investments, this might be reasonable, but for real estate it does not represent economic reality:
 - a) \$1,000,000 does not buy much real estate in many markets in Canada;
 - b) \$50,000 rental income threshold is well below what many real estate investments yield; and
 - c) When financed, need to earn net rental income in order to generate cash flow to make mortgage principal payments – it would not make sense to penalize businesses that generate this necessary income to fund the investment.

Current and proposed rules do not acknowledge the important role real estate investments have in our economy and society

- Our citizens and employees need access to housing and rely on supply of rental residential housing – without adequate supply, rental rates increase which negatively impact affordability and for employers, the ability to attract and retain labour;
- Small business also needs access to capital and supply of commercial real estate – without adequate supply, commercial occupancy costs will increase and negatively impact the profitability of business and ability to invest in economic growth;
- While the currently proposed passive investment changes are not as punitive as the first round proposals, any tax proposals that discourage investment in residential and commercial real estate should be avoided – if they don’t, private corporations may choose to sell these holdings;

- A simple first step solution is to remove real estate from any proposed tax changes that penalize passive investments – regardless of whether a specific real estate investment is active or passive, it does play a role in our economy;
- In regard to the new proposed rules, net rental income should specifically be excluded from the passive investment income subject to the thresholds to grind down a private corporation’s access to the small business tax rate;
- If it is necessary to include net rental income as part of the passive investment income subject to the new proposed thresholds, then:
 - a. Significantly increase the thresholds to better acknowledge the economic return that is needed to fund required principal debt servicing payments and that is representative of returns achieved on real estate investments and the value of the investment itself;
 - b. Provide exclusions for specific types of real estate investments that meet certain provincial and federal objectives housing objectives including access to affordable residential real estate housing or subsidized employee housing; and
 - c. Provide exclusions for specific types of commercial real estate that is connected to or attached to an operating business, or subject to a business succession plan.
- The preferred and best solution is to permanently remove real estate rental income from the passive income tax regime altogether (simplest) or at least to expand real estate that qualifies as active:
 - a. criteria around what is active vs. passive can result in different consequences for situations that are not dissimilar (see table above);
 - b. the “deemed as active” rules are not able to (nor intended to) identify real estate ownership situations and changes in circumstances that should qualify as active; and
 - c. Eliminating the refundable tax regime on this type of investment would increase the after tax paid profits available for investment.

THE CHAMBER RECOMMENDS

That the Federal Government remove net rental income from passive income, making it subject to normal corporate taxation rates, as part of a full review of our taxation system to achieve simple, fair and progressive policy to support small businesses in providing affordable housing and affordable commercial real estate.

STOP THE HARMFUL TAX CHANGES ON PRIVATE CORPORATIONS (2018)

Issue

On July 18, 2017, Finance Canada launched a consultation on proposals to stop “tax-planning strategies involving corporations which are being used to gain unfair tax advantages.” These changes will have a significant impact, raising taxes and increasing the administrative burden on thousands of businesses across Canada. The following policy will lay out several of the primary issues these proposed changes will create and outlines a recommendation for moving forward.

Background

First and foremost, it is very unfortunate that the federal government has chosen to position this in terms of “fairness” and “loopholes.” The tax strategies being followed date back to the 1960s and have been

refined and tested over many decades. The federal government has engaged in rhetoric that divides the country, directly stating that small business owners do not “contribute” to the wellbeing of the country and implying poor character on their part if they employ tax planning strategies that were established many years ago, to encourage the growth and sustainability of innovation and entrepreneurship and to compensate small business owners for the higher level of risk they undertake in their venture, compared to that of an employee.

In consultation with the business community as well as tax professionals across the country, the following issues have been raised:

- First and foremost, the “employment” of family members of small business owners is hardly comparable to that of a standard employee. The roles and responsibilities are dynamic and vary dramatically with the stage of the business, time or year, skill set of the owner/operator, etc. The number that CRA deems to be a “reasonable” level of compensation for a specific role may not be reasonable given the demands on the individual’s time and capacity, and certainly do not take into effect the risk that the family is taking on, frequently having to pledge jointly owned assets to support the growth of the business;
- There is no established standard by which this “reasonable” test will be measured. In many cases, it will come down to the specific CRA employee who is reviewing a file. In areas such as taxation, clarity and consistency are essential. This subjective approach will lead to inconsistency, disputes, and excessive levels of appeals that will tie up valuable resources, both on the part of the business as well as with the CRA;
- The tax deferral on portfolio investment inside a corporate is essential to the health and growth of businesses. We have been told by many business owners that this “rainy day fund” was what saved their businesses and their personal assets when they went through the inevitable downturn or has allowed them to make large capital investments to grow their business;
- In addition, this taxation on portfolio investment will result in a significant hit to those business owners who have already retired, with the intent of living off these funds for their retirement. To raise the tax to the level proposed by the government will, in many cases, cut retired business owner’s income in half, putting their carefully planned retirement situation in jeopardy;
- We also note, with interest, that the proposed changes to taxation on portfolio investment only apply to privately owned corporations and do not extend to those publicly traded; and
- Finally, the changes to tax planning strategies on capital gains is detrimental to those looking to sell their business, particularly to pass it along to their children. With an aging population, it is a well-established fact that a substantial wealth transfer is taking place, with many business owners actively pursuing exit strategies. The Chamber is also well aware that acquisition of these businesses is a substantial challenge for a number of reasons, but certainly due to challenges in accessing capital to acquire the business. Family based succession planning is one of the more obvious solutions to this issue, yet it seems to be the strategy specifically targeted by the federal government in the contemplated changes with a doubling of taxes in the even to transfer to children.

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Set aside the current proposals for income splitting or ‘sprinkling’ and passive investment in order to allow for meaningful and fulsome consultation; and
2. Implement a non-partisan tax commission to review the current tax policy, desired outcomes, and strategies to arrive at a greater level of fairness and competitiveness.

THE LOCKED-IN ESTATE TRUST – A RESPONSE TO CANADA’S RETIREMENT INCOME CHALLENGES (2018)

Summary

The Canadian Chamber of Commerce recognizes the severity of the pension reform issue in Canada and at its 2010 AGM adopted a policy entitled, “The Base Principals of Pension Reform.” There looms a pension crisis for Canadians in the near future. The federal government will be unable to fund the pension requirements of the baby boomer retirees let alone the requirements of subsequent generations.

Background

A Locked-in Estate Trust (LIET) is one solution that would allow for individuals to privately fund LIET’s with the money being held in trust for the future benefit of the named beneficiaries of the LIET. Our federal and provincial finance ministers are seeking solutions to protect older Canadians from income shortfalls during their retirement years, but there are few solutions on the horizon. At the same time, many older Canadians, through hard work and extraordinary windfalls in the housing market, find they have accumulated a great deal of wealth, but ironically, have little cash flow to supplement their own retirement.

According to Decima Research, it is estimated that as much as \$1 trillion dollars will pass to the next generation of Canadians through estate transfers. More than 50 per cent of the children of baby boomers expect to receive \$283,000 on average. Acutely aware of the value of their estates, many older Canadians have concerns about the wisdom of passing on such large lump sum estates to children and grandchildren.

Creating a new financial instrument could provide seniors with income now from their valuable estates and at the same time allow them to utilize family wealth to ensure that their children and grandchildren are able to receive private pension income when they retire. This could be fashioned similarly to the Charitable Remainder Trust which is widely used and promoted in the United States.

A LIET would provide a creative solution to our specific demographic quandary in which the size of the retired population will soon far outweigh the ability of the working population to adequately sustain it. It also has the potential to remove some of the well documented and anxiously anticipated strain on the government’s ability to provide Old Age Security and Guaranteed Income Supplement funding to Canadian seniors as the baby boomer bulge exits the workforce. Furthermore, a LIET would provide an investment vehicle that could ensure financial independence for subsequent generations of Canadians.

In recognition of the importance of responsible federal fiscal policy, the federal tax revenue will be enhanced by this account on a deferral basis. Typically, contributions to the LIET will result in a deferral of capital gains tax of which only 50 per cent of the gain is taxed, whereas the subsequent withdrawal can and will be taxed as 100% regular income at the current marginal tax rate resulting in incrementally larger revenue tax stream.

Furthermore, this account could be used for the generational transition of small business interests similar to “Family Trust” with this inclusion of limiting access to the revenue and pension income by the beneficiary until the beneficiary is at age 55.

Large pools of wealth in private portfolios transferred to a LIET would have the potential to significantly reduce the drain on government pension resources. It could also represent significant tax savings to individuals who decide to move wealth into a LIET.

The LIET would work similar to already available trust vehicles (e.g., the Charitable Remainder Trust) but with tax advantages to the donor or the settler, such as a non-refundable tax credit based on the amount transferred into the LIET. Funds inside the LIET would be allowed to accumulate tax free and be professionally managed and guided by a conservative investment strategy.

The donor would be permitted to access a percentage of the income generated by the LIET while they remain alive. Named beneficiaries of the LIET would only be allowed to withdraw a legislated percentage of the capital and income of the LIET after age 55, similar to Locked-In Retirement Accounts (LIRAs). This would ensure the long-term viability of the LIET for future generations.

Because of the tax advantages, the decision to create a LIET would be made by the donor before death and would be an irrevocable decision or the LIET could be created as a Testamentary Estate Trust (after death).

It is anticipated that the tax foregone (by the granting of a tax credit to the donor and by a deferral of a valuation of the donor’s estate) is far outweighed by the reduction of costs related to pension benefits over the long term, and the reduction in the benefits payable under Old Age Security and other government programs such as income tested health care and Guaranteed Income Supplement.

THE CHAMBER RECOMMENDS

That the Federal Government convene a special committee to determine the feasibility of implementing a Locked-in Estate Trust in the context of Canada’s overall pension plan framework and that this study and review be completed within a 2 or 3-year period.

RESTORING CANADA'S INNOVATION COMPETITIVENESS (2018)

Issue

In a global economy where technology and innovation are increasingly important, Canada trails most of its peer countries in innovation and research. The Government of Canada needs to act quickly to address this, particularly by restoring faith in and simplifying a tax credit regime that nurtures private sector investment across all industries in R & D and technology.

Background

In the 2016 edition of the Top 10 Barriers to Competitiveness, the Canadian Chamber of Commerce identifies the need for an aggressive and effective innovation strategy that capitalizes on the innovation in both the public and private sectors. The report suggests more effective tax or grant strategies and calls on research and development parameters to include intellectual property and technology-based Canadian start-ups to scale. These recommendations speak to a holistic approach to innovation that will be required to ensure Canada remains competitive in the innovation space. For the purposes of this resolution the focus is on the taxation side.

The Canadian Chamber of Commerce has proposed an “innovation box” regime in Canada that would see any sales/revenues earned on a patent or a new technology developed here in Canada taxed at a much lower rate.¹

As part of its 2016 federal budget, the federal government recently released an outline of its direction for an inclusive innovation agenda. Along with a call for national collaboration, six areas of action were identified including entrepreneurial and creative society, global science excellence, world-leading clusters and partnerships, grow companies and accelerate clean growth, compete in a digital world, and ease of doing business.²

Firms in Canada find it difficult to compete with those in the rest of the world on price, but they can compete on the basis of innovation. To do this, we need to be technologically advanced and devote ourselves to research and development, but Canada is far from a leader in these fields.

The World Economic Forum ranks Canada as 22nd in capacity for innovation, 22nd in technological readiness, and 27th in company spending on R&D.³ Canada's R&D spending as a percentage of GDP has been declining for over a decade and is now 1.69%, compared to the OECD average of 2.4%.⁴ Business spending on R&D is near the bottom of all OECD countries.⁵

Canada is the only developed country in the world with an intellectual property deficit – we spend more importing technology from other countries than we earn selling technology abroad. This gap costs \$4.5

1 Canadian Chamber of Commerce (2015). A Canada That Wins Retrieved July 5, 2016 from file:///Users/PtboChamber/Downloads/150526_A_Canada_that_Wins.pdf

2 Government of Canada. (2016). *Canada: A Nation of Innovators* Retrieved July 4, 2016 from [https://www.ic.gc.ca/eic/site/062.nsf/vwapi/InnovationNation_Report-EN.pdf/\\$file/InnovationNation_Report-EN.pdf](https://www.ic.gc.ca/eic/site/062.nsf/vwapi/InnovationNation_Report-EN.pdf/$file/InnovationNation_Report-EN.pdf).

3 KPMG, *Canadian Manufacturing Outlook 2014: Leveraging Opportunities, Embracing Growth*, 2014.

4 OECD, *Science, Technology and Industry Scoreboard 2015*.

5 OECD, *Science, Technology and Industry Scoreboard 2015*.

billion a year.⁶ The innovation shortfall is also not being made up at the provincial level. In Ontario, the Ontario Research and Development Tax Credit was cut from 4.5% to 3.5% in the 2016 budget, and the

Ontario Innovation Tax Credit from 10% to 8%.⁷ Quebec's R&D tax credit rates have been reduced from 37.5% to 30%, effective as of June 4, 2014.⁸ Alberta recently implemented a suite of programs directed to the innovation space, but these programs have not had the benefit of time to measure success.

The SR&ED program is currently the federal government's main R&D investment vehicle. Canada Revenue Agency has reported that based on 2011 projections, the total value of federal SR&ED tax credit expenditure is approximately \$3.6 billion.⁹ The tax credits also stimulate the economy. According to a 2007 Department of Finance study, for every \$1 in SR&ED tax credits given out, the government receives back a benefit of \$1.11.¹⁰

Finance Canada and the Revenue Canada (1997) found that the federal SR&ED credit generates \$1.38 in incremental R&D spending per dollar of foregone tax revenue, and that private sector R&D spending is 32 per cent higher than it would be in the absence of SR&ED tax incentives.

What this tells us is that while the SR&ED program has had a positive impact more needs to be done. Restoring the tax credit limit for innovation to 20% would be a start. To regain the effectiveness of a tax program, it must be made easier to use and access for employers of all sizes and industries, allow for inclusion of capital expenditures, and reduce the eligible labour, overhead, and contract payments cost.

Chamber members also report that the audit component of the SR&ED program has become onerous and time-consuming, and that the uptake and efficiency of the program are hampered by overly frequent changes. A tax regime, perhaps using SR&ED as the backbone, must be sustainable with a simple reporting mechanism and changes that are inline and timely with respect to the issues businesses are facing.

THE CHAMBER RECOMMENDS

The Federal Government:

1. Develop an Innovation Tax Credit stream to replace the SR&ED program and start the innovation program at 20% of eligible expenses;
2. Simplify the process of the Innovation Tax Credit (former SR&ED) application, using the following as a base: improving the pre-claim project review service, simplifying the base on which the credits are calculated, and introducing incentives that encourage SME growth – so that Canadian

6 Standing Committee on Industry, Science and Technology, *The Canadian Intellectual Property Regime – Dissenting Opinion of the New Democratic Party*.

7 Government of Ontario, *2016 Ontario Budget – Chapter V* (<http://www.fin.gov.on.ca/en/budget/ontariobudgets/2016/ch5a.html>).

8 SR&ED Education and Resources, *SR&ED Gets Cut in the 2014-2015 Quebec Budget* (<http://www.srededucation.ca/sred-funding-in-2014-quebec-budget/>).

9 Government of Canada. (2012). *Do Your Research in Canada: It Pays Off!* Retrieved January 2, 2013 from <http://investincanada.gc.ca/eng/publications/rd-tax-credit-fact-sheet.aspx>.

10 Department of Finance Canada and Revenue Canada. (1997). *The Federal System of Income Tax Incentives for Scientific Research and Experimental Development: Evaluation Report*. Retrieved January 2, 2013 from <http://publications.gc.ca/collections/Collection/F32-1-1997E.pdf>.

companies of all sizes and across all industries can move forward with confidence to bring their innovations to market; and

3. Create an innovation environment that encourages private sector investment in R&D and technology across all industries focussing on the following factors for success: ease of use for businesses, consultation with the business community to ensure programs are in line with the real time needs of business, achieved and sustainable growth of participating businesses, export readiness and enables operational scale-up.

IMPLEMENT THE UNITED NATIONS DECLARATION ON THE RIGHTS OF INDIGENOUS PEOPLES (2018)

Opening Statement

The *United Nations Declaration on the Rights of Indigenous Peoples* is a consensus, international human rights instrument elaborating standards for the survival, dignity, security and well-being of Indigenous peoples of the world. MP Romeo Saganash's private members bill on implementation of the *UN Declaration*, Bill C-262, had second reading in Parliament.

The Truth and Reconciliation Commission has embraced the *UN Declaration* as "the framework" to redress the horrific human rights violations that have been inflicted on Indigenous peoples throughout Canada's history. The Report of the Truth and Reconciliation Commission include 94 Calls to Action, including the call for all levels of government—federal, provincial, territorial, and municipal—to undertake measures to implement the *UN Declaration*.

Key elements of Bill C-262 include: repudiation of colonialism and doctrines of superiority; affirmation that the standards set out in the *UN Declaration* have application in Canadian law; and review and reform of federal legislation to ensure consistency with the minimum standards set out in the *UN Declaration*. In addition, the Bill requires that a national action plan for implementation be developed in partnership with Indigenous peoples.

Full implementation of the *Declaration* will require long-term commitment and collaboration. As BC Regional Chief Terry Teegee emphasizes, "We urgently need the *Declaration* and a legislative framework precisely because so many of the laws and policies affecting First Nations, Inuit and Métis peoples in Canada are profoundly unjust and rest on foundations of colonialism and racial discrimination." As the Truth and Reconciliation Commission has reminded Canadians, "reconciliation is going to take hard work."

Background

- The Declaration was adopted by a vote of the overwhelming majority of the UN General Assembly;
- The Declaration affirms collective rights of Indigenous nations or peoples and the individual rights of Indigenous persons;
- All governments have the responsibility to respect, protect and fulfill these rights;
- The Declaration builds on decades of expert interpretation of existing international human rights laws and standards. It does not create new rights;
- Canadian courts and Tribunals have already applied the Declaration in the interpretation of Canadian Law;

INDIGENOUS AND NORTHERN AFFAIRS

- Indigenous peoples' representatives worked for more than two decades to achieve the Declaration. It is the first international instrument where the rights holders themselves participated equally with states in the drafting;
- The UN Declaration constitutes a principled framework for justice, reconciliation, healing and peace; and
- Another decade has passed since the negotiations concluded. It is time for a legislative framework to take the *Declaration* to the crucial next stage of full and effective implementation in Canada. Bill C-262 is principled human rights legislation that will accomplish this vital objective and merits the support of all Parliamentarians.

THE CHAMBER RECOMMENDS

That the Provincial and Federal Government:

1. Implement the United Nations Declaration on the Rights of Indigenous People;
2. In conjunction with Indigenous people, use the Declaration as the basis for reviewing and reforming laws and policies to ensure that Indigenous peoples' rights are upheld without discrimination; and
3. Work with its network of affiliated Chambers of Commerce to ensure their human rights policies and business practices incorporate the standards in the Declaration.

RESOURCES

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SUPPORT FOR A RECOGNIZED NATIONAL INDIGENOUS PEOPLES DAY HOLIDAY (2018)

Opening Statement

National Aboriginal Day was [first introduced and proclaimed](#) in 1996 by the Governor General of Canada. June 21st is the day officially recognized as National Aboriginal Day. While celebrated in various activities around the country, the day wasn't celebrated as an official statutory holiday anywhere in Canada until 2001, when the Northwest Territories became the first to recognize the day as a formal territorial statutory holiday. In May of 2017, the Yukon [passed legislation](#) making this day an official statutory holiday. Yukon and Northwest Territories have both passed this legislation; it is now time for the Province of British Columbia and the rest of Canada take note of the voices calling for change and officially recognize this important day as an official statutory holiday.

In addition to the above, in June of 2017 the federal government pledged to [change the name](#) of National Aboriginal Day to National Indigenous Peoples Day,¹ a move that is supported by the Assembly of First Nations and is being applauded by many.

Background

- In 1996, the Governor General of Canada [proclaimed](#) June 21st as National Aboriginal Day. In cooperation with Indigenous Peoples' national organizations, the Government of Canada designated June 21 *National Indigenous Peoples Day*, a celebration of Indigenous Peoples' culture and heritage. This date was chosen because it corresponds to the summer solstice, the longest day of the year, and because for generations, many Indigenous Peoples' groups have celebrated their culture and heritage at this time of year.
- June 15, 2017 NDP MP Georgina Jolibois tabled Bill C-361, calling for National Aboriginal Day to be a statutory holiday:
"Mr. Speaker, I am honoured to introduce a bill that seeks to turn National Aboriginal Day into a statutory holiday. When this day was first declared a holiday, the National Indian Brotherhood—today's Assembly of First Nations—wanted a day to honour the indigenous peoples of this land. Designating this day as a national holiday is an important step and an opportunity to celebrate the cultures, languages, and contributions of the first nations, Métis, and Inuit peoples in Canada. This timely bill answers one of the TRC's calls to action, that Canada create a statutory holiday to honour residential school survivors, their families, and communities."
- Among the Truth and Reconciliation Commission of Canada's [94 Calls to Action](#) (the "TRC Report"), is the call to create a new, national, statutory holiday: the National Day for Truth and Reconciliation. Should June 21st, National Aboriginal Day, become the National Day for Truth and Reconciliation? Or should another stat be created to honour residential-school survivors and remember the legacy of residential schools? The current Liberal Government has [pledged](#) to implement all 94 recommendations from the TRC report.
- The TRC's calls to action specifically advocates for participation from the corporate sector. Call to Action #92 states Canada's corporate sector should "Provide education for management and staff on the history of Aboriginal peoples, including the history and legacy of residential schools, the United Nations Declaration on the Rights of Indigenous Peoples, Treaties and Aboriginal rights, Indigenous law, and Aboriginal-Crown relations. This will require skills-based training in intercultural competency, conflict resolution, human rights and anti-racism." By recognizing National Aboriginal Day – and/or National Day for Truth and Reconciliation – as a stat holiday, business owners and employees can show their respect for Indigenous cultures in Canada.

¹ See Assembly of First Nations – [Final Draft Resolutions \(2016\)](#) for terminology definition as proposed by the United Nations

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Propose legislation to recognize National Indigenous Peoples Day as a statutory holiday.

That the Provincial Government:

2. Support the federal government recognition of National Indigenous People's as a statutory holiday.

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http://www.afn.ca/uploads/files/2016-aga/16-07-08_afn_aga_2016_draft_resolutions_-_for_distribution.pdf.

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Ward, J., (2017) Why Isn't National Aboriginal Day a Statutory Holiday?. *Globe and Mail* retrieved from <https://www.theglobeandmail.com/report-on-business/small-business/sb-managing/why-isnt-national-aboriginal-day-a-statutory-holiday/article30418711/>.

Yukon Government, (2017) *National Aboriginal Day becomes a statutory holiday in Yukon* <http://www.gov.yk.ca/news/17-098.html>.

BORDER PACT: PRE-CLEARANCE AGREEMENT (2018)

The Canadian business community supports the Pre-Clearance Agreement but does not support the arbitrary implementation of laws or regulations by the U.S. Customs and Border Protection (US-CBP) that can be imposed without being subject to an appropriate review and appeal process. As an example, application of the U.S. “expedited removal” process to Canadian citizens or residents entering the United States of America, who for a variety of reasons, including mistaken identity and confusion of travel destination or purpose, can be arbitrarily refused entry and enlisted in the “expedited removal” process by a determination of the admitting officer acting in an unrestricted manner. Such a Canadian citizen or resident can be denied entry for periods of up to five years and beyond. This practice conflicts with common law and impacts our shared goal of an efficient and expedited flow of people across our common border. To have such U.S. provisions applied on an “extraterritorial” basis within Canada under Pre-Clearance conditions is unacceptable.

The Pre-Clearance Agreement is in fact designed to harmonize the regulatory process of expedited entry across the Canada-U.S. border and while progress has been made in this undertaking, the Agreement is still subject to further regulatory provisions anticipated to be enacted within the next year. The authorized positioning within Canada, inland of border gateways, of U.S. Customs and Border Protection (US-CBP) personnel is a potential matter of concern because when such US-CBP Officers, who commonly operate at U.S. border Ports of Entry, exercise certain legal authority without routine review and appeal options. In particular, “expedited removal” enables US-CBP Officers to act with singular discretion to bar entry to the United States for five years – with little or no legal recourse or review. “Expedited removal” may be applied against Canadian visitors who are subjectively deemed not to meet “documentary requirements”. As such, US-CBP Officers should be precluded from applying the “expedited removal” aspects of their authority on an “extraterritorial” basis within Canada. There are criminal sanctions for persons subjected to an “expedited removal” order when such persons attempt second or subsequent entry to the United States.

Since 2016 when the Pre-Clearance Agreement was signed by previous U.S. and Canadian administrations, access to pre-clearance at land, rail, marine and air terminals have expanded and will continue to expand accordingly. Cruise ships from Vancouver to Alaska and Charlottetown, Prince Edward Island to Boston or New York¹ demonstrate the marine pre-clearance involvement connecting neighbouring countries. There are eight airports across Canada that have pre-clearance authorities, with Vancouver International Airport, Calgary International Airport and Toronto Pearson International Airport as the main access points.² Beyond the eight airports, there have been Amtrak rail pre-clearances located in British Columbia and Montreal, connecting these major Canadian cities to Seattle, Washington and New York. With the most recent addition being Montreal Central Station by the current federal government, we are seeing how this agreement extending over the years.

Serious concern should exist if the U.S. “expedited removal” process is applied within Canada inland from U.S. border ports of entry under expanded Pre-Clearance authority or regulations. Canadian citizens or residents preparing to board an airline, bus, train and/or other modes of transport bound for the U.S. will,

1 <https://www.ncl.com/ca/en/port-of-call/cruises-to-charlottetown>.

2 *The Canadian Press*. <http://www.cbc.ca/news/canada/windsor/more-customs-facilities-in-more-places-canada-u-s-plan-expanded-pre-clearance-1.4522077>.

of course, be subject to pre-clearance inspection by U.S. officials positioned within Canada. Currently, it is not possible to place a Canadian into “expedited removal” at pre-clearance sites as US-CBP do not have the authority to hold the person and develop the alleged misrepresentation, whereas under the new Pre-Clearance Act, US-CBP will have the authority to detain persons seeking to withdraw from pre-clearance sites within Canada.³

For further background purposes, it should be understood that:

The Expedited Removal Process Generally

Under the “Expedited Removal” process, 8 U.S.C. §1225(b) (1) (A), an immigration officer at the border can issue an expedited order of removal against certain non-citizens applying to enter. This can be done immediately, while the person is at the border, and is completely at the discretion of the immigration officer if the agent believes that the person has made a false statement or does not have the proper immigration documents. The applicant is turned away and is also barred from returning to the United States for a minimum period of five years.

Even where the US-CBP Officer acts in an arbitrary manner, the statute seems to preclude any judicial oversight. According to 8 U.S.C. §1252(e)(2), there is no judicial review of the US-CBP’s Expedited Removal order except to determine (1) whether the person is a U.S. citizen; (2) whether the person is a permanent resident or a refugee; and (3) whether the person was ordered removed under the Expedited Removal statute. As one court noted:

The entire process... can happen without any check on whether the person understood the proceedings, had an interpreter, or enjoyed any other safeguards. ... [T]his procedure is fraught with risk of arbitrary, mistaken, or discriminatory behavior (suppose a particular US-CBP Officer decides that enough visitors from Africa have already entered the United States). ... [Nevertheless, we] must align ourselves with the courts that have considered the issue and hold that we lack jurisdiction to inquire whether the Expedited Removal procedure to which the Khans were subjected was properly invoked. Khan v. Holder, 608 F.3d 325, 329, 330 (7th Cir. 2010).

The Argument That Canadians Are Exempted from Expedited Removal

An argument has been developed that a detailed reading of the regulations made to implement the statutory scheme preclude application of Expedited Removal proceedings to individuals “for whom documentary requirements are waived”—this includes Canadian citizens who seek to enter the United States as visitors. See 8 C.F.R. §212.1(a) (1). Thus, there is an initial threshold question whether US-CBP actually has the legal authority to issue the Expedited Removal order against Canadians.

Further, the U.S. 9th Circuit Court of Appeal has recognized an exemption to expedited removal laws for Canadians crossing the border for bona fide business or tourism purposes. This is the first time since the expedited removal laws were passed in 1996 that any U.S. court, administrative tribunal or other body has recognized the existence of such an exemption.⁴

3 <http://www.cbc.ca/news/politics/pre-clearance-u-s-travellers-bill-c-23-reaction-1.4213797>

4 <http://www.bcchamber.org/advocacy-news/court-decision-great-news-canada-us-business-chamber-says>

THE CHAMBER RECOMMENDS

That the Federal Government formulates Pre-Clearance Regulations with cross-border constituent review, input and concurrence, to ensure that appropriate safeguards, due process and resolution options exist regarding any further ceding or expansion of “extraterritorial” legal authority to the U.S.

COLLECTION OF DUTY AND TAXES AT THE CANADA-U.S. BORDER (2018)

Cross-border shopping in the United States was an estimated \$4.7 billion in 2006. Since then, annual increases have taken the total to \$8.0 billion in 2012, 72% higher than 2006.⁵ The impact on BC retailers, particularly in border towns, is costing the economy billions of dollars which could be minimized if duties were enforced at the border.

Approximately three-quarters of Canadians live within 160 kilometers of the Canada-U.S. border. Therefore, many consumers use their relatively easy access to the United States as a shopping option. This is especially true in the Lower Mainland area of British Columbia. A study conducted by the Business Council of BC indicated same-day trips to the U.S. increased by more than 143 percent in BC between 2009 and 2012. Under the laws, there are no personal exemptions permitted for same day cross border shoppers. Assuming 95% of day-trippers return with a full tank of gas, at an average of \$70, and \$80 worth of goods, there is a significant impact on BC’s economy due to lost profits and tax collections (GST, PST, gas taxes, etc.).

The federal government has clearly acknowledged that day trips should not be exempted from taxes, as stated by Jim Flaherty *“Our government has no plans to create an exemption for day trips under 24 hours as it would disadvantage retailers in border communities and elsewhere in Canada,”* but Border Services Officers continue to routinely waive taxes and duties on goods bought by travelers in the U.S.. According to a briefing note for the Prime Minister prepared in June 2014, the border agency waives taxes when the value is below a certain threshold. The threshold was established by considering the cost for CBSA to process a traveler through the collection process.⁶ Collections may also be waived where the volume in collections results in unacceptable border processing delays, as determined by local management.

A consistent pattern of non-collection of taxes and duties at the Canada/U.S. Border creates a further incentive for residents to choose cross border shopping. This puts Canadian Retailers at an unfair disadvantage and results in a significant economic loss to border communities.

THE CHAMBER RECOMMENDS

That the Federal Government provide:

1. Sufficient resources to enable consistent collection of taxes and duties at all Canada/U.S. border crossings in accordance with enacted duty-free limits.

⁵ Stats Canada Study: Cross-border Shopping 2004 to 2012.

⁶ according to the briefing note obtained by the Canadian Press under the Freedom To Information Act.

ABANDONED VESSELS: IMPROVING OVERSIGHT AND ACCOUNTABILITY (2018)

In response to more than a decade of calls from the Union of British Columbia Municipalities in May 2017, Transport Canada announced an Abandoned Boats Program (ABP) to assist in the assessment, removal and disposal of abandoned and/or wrecked small boats that pose a hazard in Canadian waters. The objectives of the ABP are to:

- Reduce the number of abandoned and/or wrecked boats in Canadian waterways and the hazards they pose;
- Contribute to the protection and preservation of the environment;
- Reduce the impacts of these boats on Canadian coastal communities;
- Enhance economic opportunities; and
- Increase awareness of the boat owners' responsibilities.

The ABP has multiple components, such as helping educate small vessel owners about how to responsibly manage their vessels and supporting research on vessel recycling and environmentally friendly vessel design. The assessment and removals component of the program funds vessel removal assessments and the permanent removal and disposal of abandoned small wrecked vessels.¹

Eligibility for funding include recipients such as:

- Provinces, territories, municipalities and local governments;
- Indigenous groups, communities and organizations;
- Private ports and/or marinas;
- Canadian port authorities; and
- For-profit and not-for-profit organizations.

The second call for proposals from the federal government for the assessment and removal of abandoned vessels closed March 15, 2018. Eligible activities for cost reimbursement include conducting vessel removal assessments and removal and disposition of abandoned vessels. Overall, the ABP has pledged that it will provide up to \$5.6M over 5 years to projects that must be completed by March 31, 2022.²

The federal government committed \$260K³ and \$300K for assessments and removals under the ABP in 2017. In comparison, it cost \$1.2M to remove the Viki Lyne II from Ladysmith Harbour.

On March 12, 2018 Transport Minister Garneau announced \$240K for 21 vessel removals in Canada as part of the first round of ABP funding. The Chamber of Commerce supports these measures and their continuation.

Several bills have been introduced in parliament to further address the issue of abandoned vessels, however, there remains no comprehensive strategy and jurisdiction that requires the removal and/or recycling of abandoned vessels before they become serious environmental or navigational hazards. On October 30, 2017, the Transport Minister tabled C-64, An Act respecting wrecks, abandoned, dilapidated

1 <http://www.tc.gc.ca/en/programs/abandoned-boats-programs.html>.

2 Tc.gc.ca/eng/apply-abp-ar-r-funding.html.

3 \$260K in 2017 is for abandoned and/or wrecked vessels in federally-owned small craft harbours.

or hazardous vessels and salvage operations. The Bill amongst other things, brings the Nairobi International Convention on the Removal of Wrecks into Canadian Law for vessel over 300 gross tonnages, creates set of violations, penalties and offences, fines and penal sanctions for owners abandoning their vessels.

The proposed legislation includes, but is not limited to⁴:

- Prohibiting the leaving/disposal of a dilapidated vessel in the same place for more than 60 days without authorization; and
- Establishing an administration and enforcement scheme, including administrative monetary penalties.

Bill C-64 does not adequately address jurisdictional gaps and may continue to leave coastal communities and taxpayers with the burden of dealing with abandoned vessels. Recommendations to address these jurisdictional gaps include designating the Canadian Coast Guard as the agency responsible for directing the removal and recycling of abandoned vessels,⁵ improving the vessel registration system and creating a fee to help cover the cost of vessel disposal, as was implemented in Washington State in 2003. These recommendations have been discussed at length by the Standing Committee on Transport, Infrastructure and Communities.⁶ The Washington State model for fee collection to cover the cost of disposal is considered to be a successful example by the Islands Trust Council and many others.⁷

“Currently there are three different databases for Canadian-registered vessels, and they are by no means current or accurate⁸.” Incomplete and inaccurate records coupled with a licensing process that is poorly understood, and inconsistent enforcement lead to a lack of accountability on the part of the boat owners.

In addition, the creation of a pilot “turn-in program” via a safe recycling facility will assist with preventing vessels from becoming hazards in the future and will support the creation of good green jobs by supporting local marine salvage businesses as Oregon and Washington State have done.⁹ The probability of pollution and debris from any abandoned vessel in Canada’s waterways has the potential to negatively impact local fishing, tourism and industry in our communities and should not be underestimated. At the Standing Committee on Transport, Infrastructure and Communities, Chris Wellstood, the Director of Marine Operations and Security at the Vancouver Fraser Port Authority said that, “Abandoned vessels can pose a threat to the environment, which I think is a major point. If they go adrift, they can pose a navigational hazard to deep-sea vessels and can cause the port to be shut down to avoid a bigger accident¹⁰.”

On April 29, 2017, the BC NDP announced that if elected, that the Province will show leadership to help clean up and protect our waterways and strike a working group comprised of First Nations, federal, provincial and local government representatives, along with other key stakeholders, with a mandate to

4 <http://www.parl.ca/DocumentViewer/en/42-1/bill/C-64/first-reading>.

5 MP Sheila Malcolmson Briefing Notes Its Time for Federal Action to Clean Up Abandoned Vessels Oct 2017.

6 www.ourcommons.ca/documentviewer/en/42-1/TRAN/meeting-90/evidence#Int-9967391.

7 www.ourcommons.ca/documentviewer/en/42-1/TRAN/meeting-90/evidence#Int-9967391.

8 www.ourcommons.ca/DocumentViewer/en/42-1/TRAN/meeting-89/evidence#Int-9957166.

9 www.dnr.wa.gov/programs-and-services/aquatics/delict-vessels/legal-authorities-and-how-program-works.

10 <http://www.ourcommons.ca/DocumentViewer/en/42/TRAN/meeting-91/evidence>

develop and recommend a regulatory and funding framework by May of 2018.¹¹ To date, local governments, First Nations, marinas, port operators, taxpayers, and businesses are still calling for action.

THE CHAMBER RECOMMENDS

That the Federal government:

1. Designate Coast Guard as the agency responsible for directing the removal and recycling of abandoned vessels;
2. Improve vessel registration so that owners can be held accountable;
3. Fund a study of the Washington State model of fee collection for the costs of disposal of abandoned and wrecked vessels on the West Coast; and
4. Create a pilot “turn-in” program for safe disposal and recycling of abandoned vessels.

That the Provincial government works with the Federal Government in the development of a West Coast wide strategy in cooperation with First Nations and local governments to build a comprehensive strategy and regulatory framework for addressing the financial and environmental risks of abandoned vessels.

¹¹ <https://mailchi.mp/bcndp/bc-ndp-to-announce-strong-measures-to-clean-up-and-protect-our-waterways?e=%5bUNIQID%5d>



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